

MINUTES OF FIRST MEETING  
OF THE BOARD OF DIRECTORS OF  
GOLCONDA CORPORATION

The first meeting of the Board of Directors of Golconda Corporation was held on September 16, 1970, at the offices of the Corporation in Chicago, Illinois, beginning at 10:15 o'clock a. m.

The directors whose names are listed below were present as follows:

M. J. Coen  
Albert S. Kepen  
L. N. Lucas  
Albert Thomson  
Daniel L. Brenner  
R. M. Dunn  
A. D. Martin  
Wray Featherstone  
Walter L. Sly  
Kenneth Teel  
Norman M. Smith  
Gordon Smith

Mr. Drinkhouse and Mr. Wright were absent.

Mr. Patten, Mr. Howell, Mr. Stogin, and Mr. Magnuson were present as guests.

Mr. Coen was elected as the temporary Chairman and Mr. Thomson was elected as the temporary Secretary.

The by-laws, as adopted by the respective stockholders, were unanimously approved.

The next matter to come before the meeting was the election of officers and the fixing of their compensation as provided for in Article V of the by-laws.

Before so doing, however, on motion of Mr. Thomson, duly made and seconded, Article V, Section 7, of the by-laws was amended to read as follows:

"The President and Executive Vice President

Section 7.

(a) The president shall see that all orders and

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resolutions of the board of directors are carried into effect.

- (b) The executive vice president shall be the chief operating and chief executive officer of the corporation and shall have general and active management of the business of the corporation, and shall report to the Executive Committee.

Either of them shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation."

Mr. Drinkhouse entered the meeting.

Mr. Gordon Smith suggested that Mr. Howell present a plan of organization to be submitted at the next meeting. This suggestion was approved by the Board.

The following officers were then unanimously elected and their annual compensation fixed as follows:

M. J. Coen Chairman of the Board of Directors and President	\$45,000
Albert S. Kepen Vice Chairman of the Board	\$65,000
George B. Howell Executive Vice President and Chief Executive and Operating Officer	\$60,000
Albert W. Thomson First Vice President and Secretary	-0-
J. M. Stogin Vice President	\$37,500
L. N. Lucas Vice President	\$60,000

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Edwin B. Wright  
Treasurer

-0-

E. C. Swiatlo  
Controller, Assistant Secretary  
and Assistant Treasurer

\$27,500

Wray Featherstone  
Vice President

\$25,000

C. T. Johnson  
Vice President

\$35,000

Robert P. Kepen  
Vice President

\$40,000

R. S. Sloma  
Vice President

\$45,000

D. L. Hess  
Assistant Secretary  
and Assistant Treasurer

\$ 3,600

Mr. M. J. Coen then took over as permanent Chairman of the meeting, and Mr. Thomson as permanent Secretary.

It is felt that the responsibility for all legal matters involving the Company should be assumed by the General Counsel. The General Counsel, in turn, should report to Mr. Howell and keep the President and the Board of Directors fully advised. Mr. Stogin should take directions only from the General Counsel, but he also, in turn, should report to the President and Mr. Howell, keep them fully advised of the Company's legal activities and be of assistance to them at all times. Mr. Patten will work with the General Counsel and handle all legal activities of the Company involving the Golconda Mining operations.

The Chairman then brought to the attention of the meeting Section 10 of Article III of the by-laws of the Corporation as just ratified. This Section provides that the Board of Directors may designate committees. A discussion followed as to the committees of the Board which might be necessary or desirable, after which, on motion, the following resolution was duly made, seconded and unanimously adopted:

"RESOLVED, that pursuant to Section 10 of Article III of the by-laws of this Corporation; the following committees of the Board of Directors are designated to have the powers and responsibilities hereinafter set forth:

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### Executive Committee

An Executive Committee of the Board of Directors is hereby created, to consist of the following members until further order of the Board of Directors:

M. J. Coen, Chairman  
A. S. Kepen  
A. W. Thomson  
G. Smith  
W. Featherstone  
D. L. Brenner  
L. N. Lucas

The Executive Committee shall determine the time of its meetings and the notice to be given. A majority of the Executive Committee shall constitute a quorum for the transaction of business. Between the meetings of the Board of Directors, the Executive Committee may exercise the powers of the Board of Directors, except that it shall not have authority to alter or amend the by-laws or Articles of Incorporation, nor to authorize the issuance of any securities, nor to remove or appoint Directors or members of committees, nor to fix the compensation of officers or Directors, nor to declare dividends, nor to initiate action for the sale of all or substantially all of the assets of the Corporation or for any merger or reorganization.

The following committees with the designation of Chairman are set out as follows:

### Acquisition Committee

G. Smith, Chairman  
W. Featherstone  
M. J. Coen  
D. L. Brenner  
G. B. Howell, Secretary

### Committee on Customer Relations and New Products

L. N. Lucas, Chairman  
M. F. Drinkhouse  
G. B. Howell, Secretary

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Special Compensation Committee

A. S. Kepen, Chairman  
E. B. Wright  
R. M. Dunn  
J. M. Stogin, Secretary"

The Chairman then brought before the meeting the question of establishing bank accounts and loan authorizations with banks. Upon motion duly made and seconded, the resolutions on bank forms, as shown on Exhibit I which is hereby incorporated by reference, were unanimously adopted. The Chairman ordered the Secretary or Assistant Secretary to attach to these minutes the bank resolution forms so adopted and to certify the resolutions and deliver them to the respective banks.

The Chairman then pointed out to the meeting that Section 4 of Article VIII of the by-laws required that the fiscal year of the Corporation shall be determined by the Board of Directors. After discussion, on motion duly made and seconded, the following resolution was unanimously adopted:

"RESOLVED, that this Corporation shall have a fiscal year for accounting purposes ending November 30."

An application will then be filed with the IRS.

Discussion then followed as to the auditors for the Corporation, and on motion duly made and seconded, the following resolution was unanimously adopted:

"RESOLVED, that Alexander Grant & Co. are appointed as the independent auditors of this Corporation, and power is hereby delegated to the Executive Committee of this Board to fix or approve their fee from time to time."

The Chairman then suggested that the Directors should be compensated for the time devoted by them to attendance at Board and Committee meetings, as permitted by Article III, Section 12, of the by-laws. After discussion, on motion of Mr. Drinkhouse, duly made and seconded, the following resolution was unanimously adopted:

"RESOLVED, that each Director of the Corporation, not receiving a salary from the Company, receive the sum of \$500 for each meeting of the Board of Directors or the Executive Committee of the Board of Directors of this Corporation attended, and that all Directors be reimbursed for their out-of-pocket expenses for attending said meetings."

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A proposed corporate seal for the Corporation reflecting the change of name in the merger, was presented to the meeting and unanimously approved. The Chairman ordered that the seal be impressed on the minutes of this meeting, opposite the portion of the minutes dealing with this matter.

[CORPORATE SEAL]

The question of appointment of the Transfer Agent and Registrar for the stock of the Corporation came up for discussion. On motion duly made and seconded, the following resolution was unanimously adopted:

"RESOLVED, that the following are appointed as indicated, and that their respective forms of resolution, copies of which are attached to these minutes, are hereby adopted, and that the officers of this Corporation are ordered to perform any and all acts necessary to make these appointments effective:

Primary Transfer Agent -  
Central National Bank in Chicago

Primary Registrar -  
The First National Bank of Chicago

Co-Transfer Agents -  
United States National Bank (San Diego, California)  
Franklin National Bank (New York, New York)  
Golconda Mining Corporation (Wallace, Idaho)

Co-Registrars -  
The Bank of California, National Association (San Diego, California)  
Chemical Bank (New York, New York)  
Idaho First National Bank (Wallace, Idaho)

That all other appointments as transfer agent or registrar shall be terminated and the officers of this Corporation are to so notify such parties and to take such action as necessary to effect the termination."

The Chairman then brought to the attention of the meeting the fact that, by the merger, the Corporation had assumed the obligations

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of Astro Controls, Inc. on its issue of 7% Convertible Subordinated Debentures due January 1, 1990. These debentures were issued pursuant to a trust indenture between Astro Controls, Inc. and Marine Midland Grace Trust Company of New York, Trustee. The Chairman stated that the terms of the trust indenture require that upon a merger where Astro is not the survivor, the survivor must execute a supplemental trust indenture satisfactory to the trustee. The Chairman then presented to the meeting the First Supplemental Indenture. On motion duly made and seconded, the following resolutions were unanimously adopted:

"RESOLVED, that the Company reserve, and hereby does reserve, 424,105 shares of Common Stock required for issuance upon conversion of the 7% Convertible Subordinated Debentures Due January 1, 1990, that the Secretary of the Company be, and he hereby is, authorized and directed to certify such numbers of shares to the Transfer Agents and Registrars of the Company and to the stock exchanges upon which securities of the Company will be listed and that the officers of the Company be, and they hereby are, authorized and directed to issue such reserved shares from time to time upon the conversion of such Debentures; and further

"RESOLVED, that the form of First Supplemental Indenture between the Company and Marine Midland Grace Trust Company of New York, Trustee, submitted to this meeting, providing for the assumption by the Company as a result of the merger of Astro Controls, Inc. into the Company of the 7% Convertible Subordinated Debentures Due January 1, 1990 of Astro Controls, Inc. and the obligations under the Indenture, as amended, relating thereto, be, and the same hereby is, approved, and that the President or any Vice President of the Company be, and he hereby is, authorized to execute and deliver to Marine Midland Grace Trust Company of New York, under the corporate seal of the Company attested by its Secretary or one of its Assistant Secretaries, a Supplemental Indenture in substantially such form, with such changes therein as the officer executing the same may approve, such approval to be conclusively evidenced by his execution and delivery thereof; and further

"RESOLVED, that the officers of the Company be, and each of them hereby is, authorized to do or cause to be done any and all such further acts and things and to execute and deliver any and all such documents, papers and instruments as they deem necessary or desirable in order to carry into effect the purposes and intent of the foregoing resolutions."

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On motion duly made and seconded, the continuance of Marine Midland Grace Trust Company of New York, Trustee, and Central National Bank in Chicago, Authenticating Agent, for the debentures, were ratified.

With regard to the form of debenture to be issued under the assumption by this Corporation of the 7% Convertible Subordinated Debentures Due January 1, 1990 of Astro Controls, Inc., the Chairman stated that the form of debenture used by Astro Controls, Inc. will be overprinted with the name of Golconda Corporation and the conversion price changed to \$10.67 per share. This action was unanimously ratified on motion duly made and seconded.

The next matter to come before the meeting was the approval of forms for the common and preferred stock certificates and debentures. The Chairman presented proposed forms for the common and preferred stock certificates. On motion duly made and seconded, the forms so presented were unanimously approved subject to such changes as may be necessary to comply with the requirements of: law, exchanges where listed; transfer agents; registrars; or any others necessary to facilitate the transferability of the Corporation's stock. The Chairman ordered that specimens of the certificates be attached to the minutes of this meeting.

Mr. Gordon Smith suggested that a logo be developed for the Corporation as soon as possible.

The Board unanimously ratified the action of the officers of Golconda Mining Corporation in: applying for the listing of additional shares of Golconda common stock on the Pacific Coast, Spokane, National, Salt Lake and Vancouver Stock Exchanges; applying for registration of the preferred stock of Golconda Corporation under Section 12 of the Securities Exchange Act of 1934; and in making application to the Pacific Coast Stock Exchange for the listing of Golconda preferred stock on that Exchange.

The Board further authorized the officers of the Corporation to make application to the American Stock Exchange and the Midwest Stock Exchange for the registration thereon of both the common and preferred stock of Golconda. In the event either listing necessitates a de-listing of the common stock from an Exchange other than the Pacific Coast Stock Exchange, the officers are authorized to de-list the common stock of Golconda from the National and Salt Lake Stock Exchanges.

Until the listing on the American Stock Exchanges becomes effective, the Board designated the Pacific Coast Stock Exchange as the Exchange for the filing of information required to be filed with national securities exchanges under the rules and regulations of the Securities and Exchange Commission.

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On motion duly made and seconded, the following resolutions were unanimously adopted:

"RESOLVED, that application be made to the Midwest Stock Exchange for the listing of the common and preferred stock of this Corporation, and that Albert Thomson be designated by the Corporation to appear before the President of said Exchange, with authority to furnish such information and to make such changes in said application, or in any agreements relative thereto, as may be necessary to conform with requirements for listing; and further

"RESOLVED, that application be made to the American Stock Exchange for the listing of the common and preferred stock of this Corporation, and that the President and the Secretary be authorized by the Corporation to sign said application, to make such changes therein, or in any documents or agreements relative thereto, as may be necessary to conform with requirements for listing, and to appear (if requested) before officials of said Exchange; and further

"RESOLVED, that the officers of this Corporation are authorized and directed to take all necessary steps to register, under Section 12 of the Securities and Exchange Act of 1934, or other provisions of the Federal securities laws, any issues of common and preferred stock of this Corporation and any issues of convertible debentures issued or assumed by this Corporation where the officers find that such registration is required by law or would be advantageous to this Corporation."

The Chairman then pointed out that the Corporation has had the status of an investment company under the Investment Company Act of 1940, but that following the merger, it should be entitled to be removed from this classification. After discussion, on motion duly made and seconded, the following resolution was unanimously adopted:

"RESOLVED, that the officers of this Corporation are authorized and directed to take all necessary action for the Corporation, by appropriate application to the Securities and Exchange Commission, and any other necessary steps or action, to withdraw its registration as an investment company under the Investment Company Act of 1940."

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In this connection, the Agreement between Golconda Mining Corporation and Hecla Mining Company concerning any application by Golconda for deregistration under the Investment Company Act of 1940, was presented to the meeting. After discussion, on motion duly made and seconded, the following resolution was unanimously adopted:

"RESOLVED, that the Agreement between Golconda Mining Corporation and Hecla Mining Company, dated August 10, 1970, as presented to this meeting, is hereby ratified and approved, and the officers of the Corporation are directed to comply with all of the covenants of Golconda in that Agreement."

The Chairman then directed the Secretary to attach to the minutes of this meeting a copy of the Agreement with Hecla, and that copies of the Agreement be sent to all Directors.

On motion duly made and seconded, the following resolution was unanimously adopted:

"RESOLVED, that the officers of this Corporation are hereby given all authority necessary or proper to carry out and complete, and are directed to carry out and complete, all action to make the merger of Astro Controls, Inc. into this Corporation effective as contemplated by the Plan and Agreement of Merger. Without limiting the scope of the authority so granted, this includes all necessary powers and authority to effect the conversion and exchange of the stock and debentures of Golconda for those of Astro, all authority necessary for filing of notices and application with any State under its blue-sky laws, and all authority to apply for qualification, and to qualify the Company to carry on business, in the States of Illinois, Michigan and New York."

The Chairman stated that it would be in order for the Directors to determine the Corporation's principal place of business. On motion duly made and seconded, the following resolution was unanimously adopted:

"RESOLVED, that this Corporation's principal place of business shall be in Chicago, Illinois, subject to transfer to such other place or places as the Board may hereafter determine from time to time."

Mr. Wray Featherstone was designated as the registered agent for the Corporation in the State of Idaho.

LS 002094

# AGREEMENT

AGREEMENT, made as of August 14, 1970, by and between HECLA MINING COMPANY ("Hecla"), a corporation organized and existing under the laws of the State of Washington with its principal offices at Wallace, Idaho, and GOLCONDA MINING CORPORATION ("Golconda"), a corporation organized and existing under the laws of the State of Idaho with its principal offices at Wallace, Idaho.

In consideration of the mutual covenants and agreements contained herein, the parties hereby agree that in the event a merger is concluded between Golconda and Astro Controls, Inc., ("Astro") and in that event only:

1. In connection with any application by Golconda to the Securities and Exchange Commission for an order deregistering it as a closed-end investment company under Section 8(f) of the Investment Company Act of 1940 as contemplated in the Joint Proxy Statement of Golconda and Astro Controls, Inc. dated June 30, 1970, Golconda hereby covenants and agrees that such application shall contain its request that the grant of such order (the "Deregistration Order") be conditioned upon Golconda's agreement that it shall not, directly or indirectly, purchase, sell or otherwise dispose of any shares of Common Stock of Hecla or, directly or indirectly, engage in any transaction with Hecla or affecting the shares of common stock or other securities of Hecla except in accordance with the Investment Company Act of 1940

and the rules and regulations thereunder to the extent that such would be applicable to Golconda if Golconda were then registered as an investment company under the Investment Company Act of 1940 and subject to the rules and regulations thereunder.

2. Hecla covenants and agrees that it shall not, directly or indirectly, initiate or commence any proceedings or actions with the Securities and Exchange Commission for the purpose of opposing the grant or entry of the Deregistration Order described above provided the application for such order contains the request described in paragraph (1) above. Golconda agrees that it shall use its best efforts to cause any such order to contain the conditions described in paragraph (1) above.

3. Golconda hereby covenants and agrees that, for a period of two years following the date hereof, it shall not effect any sale or other dispositions (excluding, however, pledges to secure bona fide loans made in good faith to Golconda by banks, insurance companies or other financial institutions regularly engaged in the business of lending money) by it of the securities of Hecla except as follows:

(a) Prior to February 15, 1971, Golconda may sell, over a national securities exchange or in private placements not to exceed 150,000 shares provided that (i) sales over a recognized securities exchange shall be made in round lots of not more than 5,000 shares and (ii) sales made in private placements shall consist of blocs of not more than 50,000 shares and shall be made only to persons who at the time of such sale and within six months prior thereto own or have owned no more than 50,000 shares. A private placement shall be one made to persons whom Golconda, after reasonable investigation, has no reason to believe intend

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to resell the shares so acquired;

(b) Subsequent to February 15, 1971, and until receipt by Golconda of the written notice referred to in subparagraph (c) hereof, Golconda may sell (i) over a national securities exchange, not more than 10,000 shares in any 30 day period, such sales to be made in round lots of not more than 5,000 shares and (ii) in private placements as defined in and subject to the limitations set forth in clause (ii) of subparagraph (a) above, not more than 300,000 shares in any 180 day period;

(c) Upon receipt by Golconda from Hecla of written notice specifying their intention to make a public distribution, if any, of its securities pursuant to an effective registration statement with respect thereto under the Securities Act of 1933, as amended, and the rules and regulations thereunder, for the primary purpose of raising funds relating to the financing or refinancing of development of the Lakeshore Property or other projects, Golconda will, for a period of 180 days from the date of receipt of such written notice, make no sale or other disposition of Hecla shares except as may be approved by Hecla and the proposed lead underwriter for such public distribution; and

(d) All restrictions upon Golconda's sale or other disposition of Hecla shares terminate at the end of the 180 day period referred to in subparagraph (c) above or on August 15, 1972, whichever is sooner.

...registration order referred to in paragraph (1) shall be granted but shall fail to contain the conditions set out in paragraph (1) above, Golconda agrees that it shall not, without the prior written consent of Hecla, enter into any transaction (including transactions permitted pursuant to paragraph (3)) involving Hecla or any of its securities which it could not have entered into without the prior approval of the Securities and Exchange Commission pursuant to the terms and provisions of the Investment Company Act of 1940, as amended, and the rules and regulations thereunder, as if Golconda were then registered as an investment company under said act; specifically and without limiting the foregoing, Golconda agrees that it will not with respect to Hecla or its securities, directly or indirectly, enter into any transaction with an affiliated person of Golconda or Hecla or with an affiliated person of such affiliate. As used in this paragraph, an "affiliated person" shall mean an "affiliated person" as defined in Section 2(a)(3) of the Investment Company Act of 1940, as amended, and the rules and regulations thereunder, as now in force and effect.

5. This Agreement and the terms and conditions herein contained shall become effective if and only if:

(a) Counsel for Hecla, Messrs. Skadden, Arps, Slate, Meagher & Flom, shall have advised Golconda and Astro, on or prior to September 30, 1970, that no approval under the Investment Company Act of 1940 is required; or

(b) To the extent that such opinion indicates that such approval is required effectiveness of this agreement is conditional upon the issuance of approval or exemption orders required. If and to the extent that approval is not required according to such opinion, this agreement shall be effective irrespective of whether such approvals have been obtained. To the

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extent that such approvals are required, Hecla shall seek to obtain such approvals at its own expense. Golconda and Astro agree to cooperate in obtaining such approvals at their own expense.

(c) Pending the opinion or approvals provided for herein, the parties will take no action which would frustrate the purposes of this agreement.

6. In the event that this Agreement shall become effective as provided in paragraph (5) above, the parties hereto agree that Hecla would be irreparably damaged if Golconda failed to comply with its covenants and agreements contained herein and, consequently, that Hecla would be entitled to any remedy, at law or equity (including injunctive relief), available to it in the event of such non-compliance. In addition to any such remedies, the parties hereto agree that (in lieu of such remedies) Hecla, at its option, shall be entitled to liquidated damages in the amount of \$2.00 per share for each share of Hecla which has been sold or otherwise disposed of in violation of this Agreement.

7. The terms of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the parties hereto, their successors (whether by merger, consolidation or sale of substantially all the assets) and assigns.

8. Golconda and Astro agree to furnish to Hecla, by the 10th day following the close of each month, a statement indicating the sales of Hecla stock, the number of shares sold, and the manner of sale thereof.

IN WITNESS WHEREOF, Hecla and Golconda have caused this agreement to be executed, attested and delivered by the duly authorized officers named below and have caused their respective

corporate seals to be affixed hereto as of this 10<sup>th</sup> day of  
August, 1970.

(Corporate Seal)

Attest:

William B. Himmer

HECLA MINING COMPANY

By

J. J. Marshall

(Corporate Seal)

Attest:

A. L. Hess

GOLCONDA MINING CORPORATION

By

Gray Sutherland

(Corporate Seal)

Attest:

Albert Thomson

AGREED TO BY:

ASTRO CONTROLS, INC.

By

M. J. Logan

LS 002100

The Chairman then reported that a binder was obtained for liability insurance for the Directors and officers. There is a total coverage of \$10 million through two companies. The Chairman will report on the final policy.

The Chairman reported on the fidelity bond and that Mr. Stogin would work out the details whereby all officers would be added to the fidelity bond.

The Chairman pointed out to the Board that the Plan and Agreement of Merger provided that Golconda shall not be required to issue fractional shares of common stock but may issue non-voting scrip or payment in cash for fractional shares. Upon motion duly made and seconded, it was unanimously

"RESOLVED, that any fractional share interests due shall be paid in cash in an amount equal to the current market value of such fractional interest, calculated to the nearest cent, computed on the basis of the last reported sales price for Golconda common shares on the Pacific Coast Exchange on the effective date of the merger."

The Board was advised that some stockholders have attempted to exercise dissenters' rights as to the merger and that the authority to deal with dissenters needs to be assigned. By unanimous decision of the Board, the authority to deal with dissenters was delegated to the General Counsel, who will report to the Executive Committee, with the assistance of in-house and outside legal counsel. The General Counsel was authorized to take any and all necessary action with respect to the settlement, arbitration or litigation of claims of dissenting shareholders and report to the Executive Committee.

The Chairman noted that the next quarterly preferred dividend would be due November 6, 1970, and that the normal record date therefor would be October 15, 1970. After discussion, it was moved and duly seconded and approved as follows:

"RESOLVED, that the regular quarterly preferred dividend of twenty-five cents (25¢) per share is hereby declared. The record date therefor is October 15, 1970 and payment date November 6, 1970. The disbursing agent is directed to disburse said dividend to such record holders as shall have exchanged their Astro Controls, Inc. preferred stock for the preferred stock of Golconda Corporation."

The Board expressed appreciation to the young ladies of the Corporation for the flowers and luncheon.

LS 002101

Discussion next ensued as to dividend action on the common stock, and it was decided to pay a dividend of six cents (6¢) per share to common shareholders of record on November 15, 1970, payable on December 16, 1970, and that the Executive Committee can determine the assets to be converted, if necessary, to pay such cash dividend.

The Board next unanimously authorized the officers to take the necessary steps to adapt the Monthly Investment Plan of Astro Controls, Inc. and to continue that Plan as to Golconda Corporation common stock for all eligible employees of Golconda Corporation.

A press release was presented to the Board. It was discussed, revised, and its issuance authorized as approved by the President.

Mr. Stogin presented for the Board's consideration the advisability of establishing a wholly-owned subsidiary for the mining interests of the Corporation. The matter was discussed, and Mr. Thomson moved that a separate corporation be formed, called Golconda Mining Corporation, as a wholly-owned subsidiary. The motion was carried, with Mr. Dunn, Mr. Kepen and Mr. Lucas dissenting.

The bill of Mr. Patten's firm of \$50,000 was approved, the bill of Mr. Brenner's firm of \$25,000, and the bill of Mr. Thomson's firm of \$25,000 were approved. Mr. Brenner and Mr. Thomson took no part in the vote or discussion.

The corporate controller was directed to capitalize all costs of the merger.

Colonel Martin left the meeting.

Mr. Coen presented Mr. George Howell who outlined the product lines, short range operating goals, and introduced Mr. Johnson, Mr. Robert Kepen, and Mr. Richard Sloma, who explained the products of the Corporation in their respective divisions.

Mr. Howell outlined in detail the short range goals with dates for the completion of each program. Mr. Howell also outlined certain long range problems with the dates for completion.

Mr. Howell also discussed the financial highlights of the Corporation and its ascendancy in earnings.

Mr. Gordon Smith pointed out the need for increased identification of the various components of the Corporation.

Mr. Wray Featherstone outlined the prospects and problems of the mining operation.

LS 002102

The Executive Committee meetings are set for the 2nd and 4th Tuesdays of each month.

There being no further business to come before the meeting, it was adjourned.

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Albert Thomson, Secretary

APPROVED:

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M. J. Coen, Chairman

LS 002103

GOLCONDA CORPORATION  
CONSOLIDATED BALANCE SHEET

SEPTEMBER 30, 1970  
(in thousands of dollars)

	FAIR VALUE
CURRENT ASSETS	
Cash	\$ 1,334
Investment Securities, Plus Accrued Interest	805
Accounts Receivable	
Trade	9,123
Federal Income Tax Refund	29
Inventories	15,069
Prepaid Expenses and Deposits	<u>129</u>
Total Current Assets	26,489
INVESTMENTS - Capital Stock in Mining Companies, At Cost (approximate market value \$20,526,000)	20,526
PROPERTY, PLANT & EQUIPMENT	
Mining Property and Mineral Interests	
Buildings and Improvements	
Machinery, Equipment and Tools	
Office Furniture and Fixtures	
Less Accumulated Depreciation	
Land	<u>\$19,948</u>
OTHER ASSETS	
Excess of Cost Over Underlying Equity of Net Assets Acquired	-
Cash Surrender Value of Life Insurance	246
Future Income Tax Benefit	51
Deferred Financing:	
Unamortized debt discount	-
Deferred mortgage expense	-
Deferred financing expense	-
Deferred registration expense	-
Sundry:	
Investment in Eisfink	9
Patents, trademarks and other	74
	<u>\$ 380</u>
Total Assets	<u>67,343</u>

LS 002104



INVENTORIES  
COMPARISON OF BOOK AND FAIR VALUES  
September 30, 1970

	<u>September 30, 1970</u>	
	<u>Book Value</u>	<u>Fair Value</u>
REGO	8,331,553	8,331,553
BASTIAN-BLESSING	3,816,543	3,816,543
PARIS	2,293,265	2,293,265
PIONEER	628,021	628,021
B/B IMPERIAL	<u>4,491</u>	<u>-</u>
	<u>15,073,873</u>	<u>15,069,382</u>

LS 002105

Golconda Mining Corporation  
(An Idaho Corporation)  
Wallace Idaho

CAPITAL STOCK OF MINING COMPANIES  
September 30, 1970  
(Prepared from the records without audit)

	<u>Shares</u>	<u>Cost</u>	<u>Approximate Market Value</u>
<b>OPERATING COMPANIES -</b>			
<b>COEUR D'ALENE MINING DISTRICT</b>			
Recla Mining Company	697,488	\$3,947,724	\$18,221,874
<b>GOLCONDA AREA COMPANIES (Except as below)</b>			
Bell Mining Company	203,000	15,000	15,000*
Black Bear Mines Company	880,371	11,014	11,014*
Granada Lead Mines, Incorporated	755,442	9,769	9,769*
Great Eastern Mining Company, Ltd.	100,000	5,000	5,000*
Ivanhoe Mining Company, Ltd.	358,000	4,690	4,690*
Mallan Metals, Inc.	426,512	13,983	13,983*
Square Deal Mining & Milling Co., Ltd.	997,459	69,552	199,492
<b>OTHER COEUR D'ALENE DISTRICT COMPANIES</b>			
Aberdeen-Idaho Mining Company	13,000	4,575	4,680
Abot Mining Company	27,502	3,005	8,801
Bullion Mining Company	157,902	895	895*
Coeur d'Alene Syndicate	318	48	48*
East Coeur d'Alene Silver Mines, Inc.	100,000	3,500	19,000
Hunter Creek Mining Company	6,500	1,405	1,235
Idaho-Montana Silver, Inc.	253,834	9,989	32,993
Metropolitan Mines Corporation	88,500	64,517	55,755
Silver Bowl, Inc.	36,500	9,267	4,745
Silver Buckle Mines, Inc.	211,750	59,194	61,408
Vindicator Silver-Lead Mines Co.	148,500	57,017	96,525
Yreka-United, Inc.	95,500	28,195	19,100
Wallace Mining Company	254,025	4,845	4,845*
<b>OTHER MINING COMPANIES</b>			
American-South African Investment Co.	1,000	49,435	42,250
Campbell Red Lake Mines	1,000	24,775	26,375
Dome Mines, Ltd.	1,000	53,807	57,000
Granduc Mines, Ltd.	48,000	253,677	379,200
La Luz Mines, Ltd.	2,000	27,250	18,000
Homestake Mining Company	2,200	68,184	48,675
Silver Eureka Corporation	5,700	13,104	10,841
President Brand Gold Mining Co., Ltd.	2,000	42,438	30,000
Subtotal		4,855,854	19,403,198
<b>EAST GOLCONDA AREA COMPANIES</b>			
Alice Silver-Lead Mining Company	835,625	52,178	52,178*
Mallan Silver-Lead Company	1,241,756	80,104	434,615
United Lead-Zinc Mines Company	1,413,354	210,291	636,009
Totals		\$5,198,427	\$20,526,000

\*Stated at cost, no quoted market value. The Board of Directors has designated the stated value to be the fair value of the related securities. LS 002106

# FIXED ASSETS

## Comparison of Book and Insurance Value

September 30, 1970

	Book Value September 30, 1970			
	Cost Of Assets	Accum'd. Deprec.	Net Book Value	Fair Value
<u>RegO Operating Division</u>				
Land, Buildings & Improvements	2,459,461	908,433	1,551,028	3,941,656
Machinery, Equipment & All Other	<u>5,437,774</u>	<u>3,455,545</u>	<u>1,982,229</u>	<u>7,966,883</u>
TOTAL REGO DIVISION	<u>7,897,235</u>	<u>4,363,978</u>	<u>3,533,257</u>	<u>11,908,539</u>
<u>Bastian-Blessing Operating Division</u>				
Land, Buildings & Improvements	1,337,641	476,811	860,830	1,000,000
Machinery, Equipment & All Other	<u>1,302,619</u>	<u>773,792</u>	<u>528,827</u>	<u>1,757,660</u>
TOTAL BASTIAN-BLESSING DIV.	<u>2,640,260</u>	<u>1,250,603</u>	<u>1,389,657</u>	<u>2,757,660</u>
<u>Paris Operating Division</u>				
Land, Buildings & Improvements	999,756	148,986	850,770	775,000
Machinery, Equipment & All Other	<u>592,315</u>	<u>368,645</u>	<u>223,670</u>	<u>223,670</u>
TOTAL PARIS DIVISION	<u>1,592,071</u>	<u>517,631</u>	<u>1,074,440</u>	<u>998,670</u>
<u>Golconda Mining Corp.</u>				
Mining Property & Mineral Interest	556,029	490,438	65,591	1,000,000
Buildings	140,021	140,021	-	-
Office Equipment	<u>1,046</u>	<u>714</u>	<u>332</u>	<u>332</u>
TOTAL GOLCONDA MINING CORP.	<u>697,096</u>	<u>631,173</u>	<u>65,923</u>	<u>1,000,332</u>
<u>Pioneer Astro Metallics, Inc.</u>				
Land, Bldg., Machinery & Equip.	<u>250,857</u>	<u>66,796</u>	<u>184,061</u>	<u>184,061</u>
<u>Pioneer Astro Operating Division</u>				
Building Improvements, Machinery & Equipment, And All Other	<u>3,391,145</u>	<u>2,565,810</u>	<u>825,335</u>	<u>3,044,778</u>
<u>Golconda Corporation</u>				
Office Furniture & Fixtures	<u>58,710</u>	<u>5,000</u>	<u>53,710</u>	<u>53,710</u>
TOTAL FIXED ASSETS	<u>16,527,374</u>	<u>9,400,991</u>	<u>7,126,383</u>	<u>19,947,750</u>

LS 002107

MINUTES OF MEETING OF  
THE EXECUTIVE COMMITTEE OF  
GOLCONDA CORPORATION

A meeting of the Executive Committee of Golconda Corporation was held at the offices of the Corporation in Chicago, Illinois, on October 28, 1970, beginning at 10:20 o'clock a. m. All members of the Executive Committee were present and consisted of the following:

M. J. Coen  
A. S. Kepen  
G. Smith  
W. Featherstone  
D. L. Brenner  
L. N. Lucas  
A. W. Thomson

Mr. Howell, Mr. Magnuson and Mr. Stogin were present as guests.

Mr. Coen acted as Chairman of the meeting, and Mr. Thomson acted as Secretary.

It was moved, seconded and unanimously approved for Mr. Thomson to re-submit the minutes of the Executive Committee meeting of October 16, 1970, as well as the Board meeting minutes for the same day.

Mr. Stogin reported that the price of Astro stock on the effective date of the merger was 12-1/2 for the common and 13-3/4 for the preferred. Mr. Patten had suggested that \$8 be used for the Golconda. These prices were unanimously approved by the Executive Committee.

Mr. Coen reported that the Committee appointed to recommend certain sales of Golconda stockholdings had met and recommended the sale of certain securities listed on page 19 of the Joint Proxy Statement as "Capital stock of other mining companies" except for the Granduc Mines, Ltd. and the La Luz Mines, Ltd. stock. The total amount to be received would be about \$250,000 with no capital gains tax. A recommendation on the sale of the Hecla stock will be made by the Committee in the future. The recommended sale by the Committee was unanimously approved by the Executive Committee.

Mr. Coen reported that it would be of great advantage to the Corporation to purchase shares of its own preferred stock. It was moved, seconded and unanimously approved to authorize Mr. Thomson to apply to the S.E.C. for approval for the purchase of up to 100,000 shares of preferred stock over a period of six months. It was moved and seconded that upon approval of the S.E.C., First California Company

LS 002108

be designated as the broker to handle these purchases. This motion was unanimously approved. Mr. Coen, Mr. Thomson and Mr. Smith took no part in the discussion or vote on that motion. The special committee for the purchases and sales of stock for funds was given authority, by unanimous vote, to recommend to the Executive Committee what shares should be sold to raise funds for these purchases. It was moved that no preferred stock be purchased in excess of \$15 per share. This motion was seconded and unanimously approved.

Mr. Kepen reported on the sale of the Electro Freeze inventory, which will bring in \$100,000 in cash, plus 12 equal quarterly payments of \$35,392.50 each. The contract has been signed by the buyer. The unpaid balance is partially secured by listed securities. The book loss is about \$475,000. The buyer is financially responsible. The contract was again unanimously approved.

Mr. Kepen reported on the "slush" machines and the Excello line at Paris. There are no immediate prospects for buyers. The Executive Committee approved the renting of limited space and using a limited number of persons for the sale-off of these machines and the Excello line.

The report for the third quarter ended August 31, 1970 was discussed and approved as amended.

Mr. Howell gave a preliminary report on the 1971 profit plan.

Mr. Watson was invited into the meeting and made a presentation of the hourly employee benefits package, which would cost between \$81,000 and \$87,000 per year in additional costs. The matter was set over until after the study by Mr. Haas could be coordinated with the suggested changes. Mr. Watson left the meeting.

Mr. Sloana entered the meeting and discussed the mechanized inventory control to be implemented in 1971. There has been a 16% reduction in the work force. Inventory is being reduced. The C.I.I. package will cost about \$110,000, but because of the savings, there will be a break-even basis at the end of 1972. It was moved that the C.I.I. plan as presented be approved by the Executive Committee as outlined by Mr. Sloana. This motion was unanimously carried.

Mr. Howell discussed plans for the Annual Report as outlined in a letter from Mr. Arends dated October 13, 1970, with a cost of about \$10,000. Mr. Smith will work with Mr. Howell on the project.

Our meeting of the Board is set in Spokane on January 13, 1971. Our Executive Committee meeting is set for November 24, 1970 in San

LS 002109

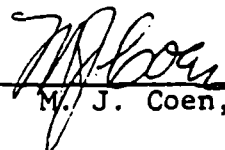
Francisco and on November 11, 1970 in Chicago. The Executive Committee will meet on December 16, 1970 in Chicago.

The Executive Committee unanimously approved the payment of the preferred dividend this time, whether or not exchanged.

The meeting adjourned.

  
Albert Thomson, Secretary

APPROVED:

  
M. J. Coen, Chairman

LS 002110

MINUTES OF MEETING OF  
THE EXECUTIVE COMMITTEE OF  
GOLCONDA CORPORATION

A meeting of the Executive Committee of Golconda Corporation was held at the offices of the Corporation in Chicago, Illinois on November 11, 1970, beginning at 10:15 o'clock a. m. All members of the Executive Committee were present and consisted of the following:

M. J. Coen  
A. S. Kepen  
G. Smith  
W. Featherstone  
D. L. Brenner  
L. N. Lucas  
A. W. Thomson

Mr. Howell and Mr. Stogin were present as guests.

Mr. Coen acted as Chairman of the meeting, and Mr. Thomson acted as Secretary.

The minutes of the meeting of October 28, 1970 were approved.

Mr. Stogin reported on his conference with the owner of the Golconda name. This owner will transfer the name to us for \$15,000 in cash, out-of-pocket expenses and costs of the attorney for making the change. The owner wants to use Golconda with non-competing lines, such as diamond cutting. Mr. Stogin will follow through.

Mr. Coen discussed the \$2,400,000 debt of the Golconda division. The monthly payments are a month or so in arrears with interest at 9%. The stock certificates of stocks approved for sale are to be sent to Midland, plus about 4,000 shares of Hecla. The Executive Committee authorized the sale of 4,000 shares of Hecla at the market, and re-confirmed the sale of the stock already authorized. Mr. Smith suggested that a debt analysis and cost needs be presented at the next meeting of the Board of Directors. All agreed to this program. All sales are to be made by December 1st.

Mr. Thomson reported on the status of the application on the American Stock Exchange. He reported that the American Stock Exchange had raised questions about the decline in earnings and that possibly the public had not been fully advised as to the downtrend in earnings. It was suggested that the application on the American Stock Exchange be delayed until after the first of the year. This suggestion was unanimously approved. It was suggested that the annual meeting be advanced

LS 002111

to March. This question will be submitted to the Board of Directors.

Mr. Kepen reported on the Paris close-out. He has made a tentative agreement to sell the Excello line for approximately \$400,000, with a downpayment of \$50,000 -- this does not include the slush machines. The \$350,000 balance due will bear interest at 8% and will be payable regularly so that the entire balance will be paid off in 3 years. It was reported that the buyer is a person of repute with a financial worth of about \$400,000. This sale was unanimously approved. Mr. Kepen also reported on the liquidation of the furniture and machinery.

Mr. Kepen read from a report from Alexander Grant concerning the tax treatment of the Paris loss. The opinion letter will be mailed to all directors and supplemented by a letter opinion concerning the carry-back loss.

Mr. Howell reported on the physical inventories of the Company. The physical count was made at Rego and Grand Haven and the accountants were pleased with the manner in which this was handled. The results will be ready about the end of November and a recommendation will be made on the surplus and obsolete items. There is some question as to the value of the Meter Flow inventory.

Mr. Howell reported on the fine showing of the Company at the show in New York for the hotel and motel personnel. We have some items that are better than those offered by competitors. On balance, our Company is the best in the field. He reported on the meeting with the major accounts.

Mr. Howell reported on the activities at Bastian-Blessing to improve the flow of manufacture and material control in the plant. Fundamental improvements are needed and are being worked on, but the most important short range program is to improve customer delivery and relations. This program is being vigorously pushed so that deliveries can be made in 90% of the dates promised. Payables are being reduced from 82 days to 48 days. Receivables are 60 days and should be reduced to 45 days and efforts are being made toward this reduction.

Mr. Howell reported on the form of the Annual Report and his meetings with Mr. Arends. Mr. Smith is working with Mr. Howell on this report. This should be completed by February 1st. Mr. Coen pointed out the importance of keeping the Golconda image before the public and our stockholders.

Mr. Howell reported that earnings for October had sales of \$4,471,000 and earnings of \$137,000 after taxes. Projected earnings are about the same as they were at the last meeting. For eleven months, we have earnings of 29¢ per share, and for twelve months, it

LS 002112



is projected that there will be earnings of 28¢ per share.

Mr. Howell discussed and outlined a capital expenditure summary which will be presented in detail on the 24th. The Company will need approximately \$2 million in capital expenditures for the next fiscal year. Certain of the items of capital expenditure will give a two year pay back. Budgets and cash flow projections will be presented to the Board. We will need approximately \$2 million in cash not obtainable from earnings.


Mr. Howell discussed in detail the profit which he projects as, per share, 41¢ in 1971, 55¢ in 1972 and 70¢ in 1973, which includes only 10¢ for the Golconda Mining assets. The Executive Committee indicated that these projections and goals were very acceptable.

The next meeting is set for the 24th in San Francisco, the Tuesday before Thanksgiving, at the Fairmont Hotel at 10 o'clock a. m.


Mr. Thomson reported on the application for de-registration with the S.E.C. and the application for the purchase of the preferred stock. These matters will be on the Agenda for the next Executive Committee meeting.

Mr. Howell is added to the Compensation Committee.

The meeting adjourned.

  
Albert Thomson, Secretary

APPROVED:

  
M. J. Coen, Chairman

LS 002113

MINUTES OF MEETING OF  
THE EXECUTIVE COMMITTEE OF  
GOLCONDA CORPORATION

A meeting of the Executive Committee of Golconda Corporation was held at the Westgate Plaza Hotel, San Diego, California, on January 13, 1971, beginning at 10:35 o'clock a. m. Members of the Executive Committee were present as follows:

Wray Featherstone  
A. S. Kepen  
G. Smith  
D. L. Brenner  
L. N. Lucas  
A. W. Thomson

Mr. Coen was absent. Mr. Howell, Mr. Stogin and Mr. Magnuson were present as guests.

Mr. Kepen acted as Chairman of the meeting, and Mr. Thomson acted as Secretary.

The minutes of the last Executive Committee meeting of December 16, 1970 were unanimously approved.

Mr. Stogin reported on the status of the deregistration application with the S.E.C. He reported that the deregistration authorization should be effective about March 1st, if no complications arise and if no hearing is requested.

Mr. Smith reported that there is the possibility that Westgate-California Company might be an affiliate of the Corporation, and that there should be no consideration of any merger discussions with Westgate.

It was suggested that the annual meeting of April 16, 1971 proceed as provided in the By-Laws.

The Acquisition Committee meeting has been cancelled by Mr. Smith.

A detailed analysis of the purchase of the preferred stock of the Corporation was distributed to all persons present and approved. The Illinois Company is acting as the sole broker for the Corporation under the terms of the letter from the S.E.C.

Mr. Brenner reported on the status of the revision of the loan agreements with the insurance companies. Mr. Brenner will send a written report on the changes as suggested.

LS 002114

A renegotiation of the Golconda mining loans of about \$2,000,000 was discussed. The monthly payments are \$30,000. Mr. Featherstone was authorized, by unanimous action, to proceed on the renegotiation at not over 3/4% over prime.

The status of the name "Golconda" was discussed. The Corporation cannot be registered in New York. There is some difficulty also about Michigan. Mr. Howell is to report back at the next meeting of a proposed solution.

Mr. Stogin reported that the one dissenter of Astro has apparently dropped his request. 2,700 shares of dissenters of Golconda have now been purchased at the agreed-upon price.

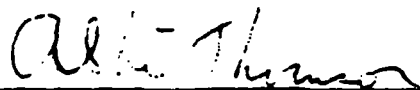
Mr. Smith discussed the investment portfolio which came to the Corporation through the merger. These investments must be utilized, and it was suggested that the committee already appointed report back at the next meeting for a plan of utilization of these investments. Mr. Howell was added to the committee. It was unanimously agreed that 25,000 shares of Hecla stock be sold to pay obligations.

The next meeting is set for February 10, 1971 in Chicago, at 10 o'clock a. m.

Mr. Howell stated that a press release has been prepared and it was distributed. The release, as amended, was unanimously approved.

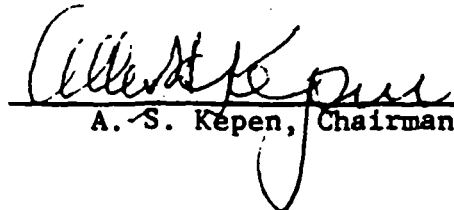
Mr. Howell asked for approval of an expenditure of \$263,500 for an improved "flow plan" in Bastian-Blessing. \$140,000 would be a capital expenditure and \$123,500 would be expense. The estimated return would be about 22% on invested capital. The job should be completed by the first quarter of 1972. The expenditure was authorized.

There being no further business to come before the meeting, it was adjourned.



Albert Thomson, Secretary

APPROVED:

  
A. S. Kepen, Chairman

LS 002115

MINUTES OF MEETING OF  
THE EXECUTIVE COMMITTEE OF  
GOLCONDA CORPORATION

A meeting of the Executive Committee of Golconda Corporation was held at the offices of the Corporation in Chicago, Illinois on February 10, 1971, beginning at 10:45 o'clock a. m. Members of the Executive Committee were present as follows:

M. J. Coen  
Wray Featherstone  
A. S. Kepen  
G. Smith  
D. L. Brenner  
L. N. Lucas  
A. W. Thomson

Mr. Howell, Mr. Stogin, Mr. Magnuson, Mr. Wright and Mr. Drinkhouse were present as guests. Mr. Dunn was also present as a guest.

Mr. Coen acted as Chairman of the meeting, and Mr. Thomson acted as Secretary.

The minutes of the January 13, 1971 meeting were unanimously approved. Mr. Coen, who was not present at that meeting, abstained.

Mr. Stogin reported that the de-registration application with the S.E.C. was proceeding. Mr. Stogin had called Mr. Akers on numerous occasions in an effort to expedite the matter. The notice of hearing would be published not later than February 26, 1971.

The question of the annual meeting was deferred until the next meeting of the Executive Committee.

The Committee authorized the officers to proceed to qualify the name of Golconda Corporation for not in excess of \$50,000 in cost.

Mr. Brenner reported that he is meeting with State Mutual personnel on February 11, 1971, and that the Golconda officers have agreed on the program to be outlined to State Mutual.

Mr. Stogin reported that 27,000 shares have been purchased at \$14.20 per share in accordance with the letter from the S.E.C.

Mr. Stogin reported 16,000 shares now in the hands of dissenters are still quiet.

LS 002116

Mr. Featherstone reported that he has renegotiated the mining loan on a lower interest basis. It was suggested that the collateral be reduced at the time of the next renewal.

The Committee on Utilization of Investments and Assets reported that the Executive Committee should re-affirm the purchase of the Corporation's preferred stock and sell its holdings of LaLuz and Granduc, and then sell Hecla only as needed to pay for the preferred. The report was approved by the Executive Committee.

Mr. Stogin reported that 24,800 shares of Hecla had been sold.

Mr. Howell reported on the RegO machinery purchase program. Mr. Howell was authorized to expend \$500,000 on the purchase of equipment already approved under the budget, and report back on the savings.

Mr. Kepen reported on the Grand Haven Hurco Shear Purchase Contract, and it was decided that the option contract would be on the basis of not exceeding \$7,500, in the event that we did not exercise the option.

Mr. Stogin left the meeting.

Mr. Smith and Mr. Dunn reported on the Organization and Personnel Committee activities in connection with the employment of a financial man who would occupy the position of vice president in charge of finance of the Corporation. Mr. Smith recommended Mr. Donald Adams, who was found by the Booz-Allen organization. The annual salary would be \$32,000 per year beginning March 1, 1971. It was moved, seconded and unanimously carried that Mr. Adams be hired as head of finance at \$32,000 per year beginning March 1, 1971.

Mr. Howell gave the financial report for December for the Corporation, comparing operations with the profit plan; a comparison of the sales and profits of the divisions; a comparison with the previous year; a mid-month estimate of comparison with the plan; and significant happenings of the Corporation at mid-month. The profit plan level, as predicted, is possible even with the reduced sales.

Mr. Smith mentioned the bonus situation. In order for Executive bonuses to be paid in 1971, the over-all profit must be approximately more than 50% over last year. The profit plan would not be lowered for bonus purposes.

Mr. Smith discussed the ratios of office and total employees and asked that a report be made back to the Executive Committee.

Mr. Howell reported that the flow plan was proceeding.

LS 002117

Mr. Howell reported that he is progressing with analyzing businesses for acquisition and is moving forward as rapidly as possible.

Mr. Coen mentioned the excellent insurance work done by Mr. Haas. Mr. Coen recommended that Mr. Haas be given a contract as our exclusive agent for the next 5 years on a competitive basis on existing properties only. This recommendation was unanimously approved.

The next Executive Committee meeting is set for March 18th at 10 o'clock in Chicago.

Mr. Howell asked if there were any other comments other than those already received. Mr. Coen suggested that Financial Highlights be put in the form of a table in the early part of the Annual Report.

The Executive Committee approved the Annual Report as amended.

There being no further business, the meeting was adjourned.



Albert Thomson, Secretary

APPROVED:

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M. J. Coen, Chairman

LS 002118

MINUTES OF MEETING OF  
THE EXECUTIVE COMMITTEE OF  
GOLCONDA CORPORATION

A meeting of the Executive Committee of Golconda Corporation was held at the offices of the Corporation in Chicago, Illinois on May 26, 1971, beginning at 10:30 o'clock a. m. Members of the Executive Committee were present as follows:

Gordon Smith  
M. J. Coen  
Wray Featherstone  
A. S. Kepen  
D. L. Brenner  
L. N. Lucas  
A. W. Thomson

Mr. Wright, Mr. Howell, Mr. Adams, Mr. Stogin, Mr. Dunn and Mr. Magnuson were present as guests.

Mr. Gordon Smith acted as Chairman of the meeting, and Mr. Thomson acted as Secretary.

The minutes of the meeting of April 13, 1971 were unanimously approved.

Mr. Kepen presented the details of the Performance Stock Unit Plan for Officers and Directors with an analysis of the comparative features of various stock plans. Mr. Stogin explained the features of the various plans and stated that the Phantom Plan would be for the best interests of the Corporation. The Plan was unanimously approved upon recommendation of the Compensation Committee.

Mr. Coen recommended that the attorneys prepare a Registration Statement for Golconda to offer to its common shareholders a "rights offering" for every 100 shares of Golconda consisting of 100 shares of Alice Consolidated and 5 shares of Hecla stock at approximately 20% less than the then market value on the date of issuance, equal to about 50¢ to 70¢ per share dividend, bringing in about \$6,800,000 in cash to the Corporation. These "rights" would be transferable. Mr. Adams presented a financial analysis based on the exchange of Golconda stock for Alice Consolidated stock. A question was raised as to the legality of that plan. The recommendation for the rights offering was unanimously approved. Mr. Thomson is responsible for moving ahead.

Mr. Coen recommended that the RegO Division, the Grand Haven Division and the Pioneer Astro Industries Division be set up as a separate

LS 002119

corporation, called Bastian-Blessing, Inc., and become a wholly owned subsidiary of the Corporation. Mr. Coen also mentioned that Treesdale Laboratories could possibly be purchased by the Company and put into the new wholly owned subsidiary. Mr. Coen reported that he had sent a telegram to Susquehanna, the owner of Treesdale Laboratories, indicating a possible interest at \$3.6 million, subject to a contract with Mr. Tisdale and all proper corporate action. It was moved and seconded to direct the attorneys to prepare the necessary papers to form the subsidiary as outlined by Mr. Coen. This motion was unanimously approved. Mr. Thomson is responsible and he indicated that Mr. Brenner would work with Mr. Stogin to carry out the directions of the Executive Committee. The Executive Committee indicated a favorable interest in the Treesdale purchase, as outlined by Mr. Coen, subject to certain arrangements with Mr. Tisdale and other matters. Mr. Coen, Mr. Dunn and Mr. Howell are responsible for carrying out the directions of the Executive Committee.

Mr. Howell also indicated that he would proceed to examine other possible acquisitions and present them to the Executive Committee and the Board.

Mr. Dunn left the meeting.

Mr. Thomson reported that the staff of the American Stock Exchange had indicated reluctance to recommend the listing of Golconda on the American Stock Exchange. Mr. Thomson moved that the application be delayed. This motion was unanimously approved.

The Executive Committee indicated that Mr. Thomson, as general counsel, would be responsible for all legal matters.

Mr. Lucas is given the right to purchase the life insurance on his own life at the cash surrender value.

Mr. Stogin reported that the proxy material had been mailed out and that he was checking very closely on it.

Mr. Howell reported on the program for the annual meeting.

A directors' meeting is set for the afternoon of June 15th at 2 o'clock p. m. at the Company offices in Chicago.

Mr. Thomson indicated that he would use the Company accountants under the supervision of Mr. Adams.

Mr. Howell discussed the possible Zefex product line addition. Mr. Sloma entered the meeting and presented the proposed purchase of the

1 LS 002120



Zefex product by detailed graphs. Zefex is an oil-less piston compression line. The cost is \$165,000. We receive \$316,000 in value, which includes \$213,000 in inventory. The total initial cost outlay, including the \$165,000, is \$250,000. We will need \$150,000 of new equipment over the next 4 years. The Executive Committee indicated approval of the project outlined by Mr. Sloma and moved to give encouragement to his group in proceeding. This motion to proceed was unanimously approved. Mr. Smith indicated that the Committee appreciated his presentation and it would set no precedent for future requirements of presentations.

Mr. Adams outlined the 5 months' figures and the estimated 6 month figures of the Corporation. The figures were discussed in detail.

Mr. Howell outlined the prospects of the Company and answered questions in connection with Bastian-Blessing's lowering profits.

The Executive Committee approved a fee for directors who attend meetings as needed.

There being no further business, the meeting was adjourned.



Albert Thomson, Secretary

APPROVED:

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Gordon Smith, Chairman

LS 002121

MINUTES OF MEETING OF  
THE BOARD OF DIRECTORS OF  
GOLCONDA CORPORATION

A meeting of the Board of Directors of Golconda Corporation was held on January 27, 1972 at the offices of the Corporation in Chicago, Illinois, beginning at 11:30 o'clock a. m., pursuant to notice.

The directors whose names are listed below were present as follows:

M. J. Coen  
Albert S. Kepen  
Gordon P. Smith  
D. L. Brenner  
A. D. Martin  
R. M. Dunn  
Edwin B. Wright  
Albert Thomson  
Wray Featherstone  
Walter L. Sly  
Norman M. Smith  
Michael F. Drinkhouse  
Harry F. Magnuson  
George B. Howell

Mr. Kenneth Teel was absent. Messrs. Stogin, Adams and Sloma were present as guests.

Mr. Coen acted as Chairman of the meeting, and Mr. Thomson acted as Secretary.

Mr. Thomson presented a proposed settlement agreement with Liquid Carbonic Corporation in regard to the items sold in 1968 by the Paris plant which were claimed to be defective. Mr. Thomson recommended that the Settlement Agreement be approved. Mr. Brenner agreed, but moved that the Settlement Agreement be approved so long as the Corporation would not pay in excess of \$100,000. This motion was seconded and unanimously approved.

The minutes of the Executive Committee meeting of January 26, 1972, as amended, were approved.

Mr. Coen presented an amendment to the Phantom Stock Option Plan. This amendment was unanimously approved as follows:

"RESOLVED, The Performance Stock Unit Plan for Officers and Executives is hereby amended:

LS 002122

by adding the following to Section 9.3,

'or the employee has three years or more of employment credit as determined by Section 10.'

by adding the following Section 10.2,

'10.2 Participants shall receive credit for each year, or fraction thereof, of employment in whatever capacity by the Company prior to the date of grant. This Section shall apply also to employment in whatever capacity with companies acquired, in whatever manner, by the Company.'

by inserting the reference '10.2' in Section 5.4

The Plan Agreement is hereby amended by adding the following to Section 4 thereof,

'The Participant shall receive credit for each year, or fraction thereof, of employment in whatever capacity by the Company prior to the date of grant. This Section shall apply also to employment in whatever capacity with companies acquired, in whatever manner, by the Company.'

The Participants are to be notified of these amendments."

The Secretary is requested to add Interpretation No. 1 to these minutes.

Mr. Coen read a letter from The Illinois Company, dated January 19, 1972, asking that Mr. Keith be named as a director.

Mr. Coen asked for authority to sell 50,000 shares of Hecla stock at not less than \$19 per share, less commission, to the Corporation, so long as such sales are not in violation of the Hecla Agreement of August 10, 1970. This suggestion was unanimously approved.

Mr. Coen reported that Mr. Harder consented verbally for the Corporation to pay the preferred dividend, so long as the Hecla stock is sold prior to payment of the dividend. Mr. Coen also reported that State Mutual would not call its loan, even if Messrs. Coen, Wright, Thomson and Drinkhouse would resign from the Board, as it could do under the terms of the loan agreements.

Mr. Coen submitted his resignation as an officer and director of the Corporation.

LS 002123

The Board approved the resignation of Mr. Coen as an officer and director. Mr. Kepen then acted as Chairman of the meeting.

It was moved and seconded that Mr. Gordon Smith be named as president and chief executive officer of the Corporation. This motion was unanimously approved. Mr. Smith stated that he would accept the position of president and chief executive officer of the Corporation on condition that the Board (1) would not stimulate or force any divestiture of Bastian-Blessing, Inc. stock by the Corporation; (2) would not stimulate or force any merger with Westgate-California Corporation at this time; (3) would reconsider whether the rights offering be continued; (4) would use, as promptly as possible, the Hecla stock to increase earnings with acquisitions for growth possibilities; (5) would keep Alyce Consolidated stock for growth in the years ahead; (6) would consolidate its corporate operations and move its headquarter to Peterson Avenue; (7) would move the Corporation ahead in a successful and proper manner; and (8) would mutually agree on compensation. Mr. Smith stated that he would carry on his full responsibilities as president, but could not move his residence to Chicago. The By-Laws were amended to permit the president to act as chief executive officer of the Corporation.

It was moved that all objectives, as outlined by Mr. Smith, be approved. This motion was seconded and unanimously passed.

Mr. Thomson moved that Mr. Clyde Keith be named as a director. This motion was seconded by Mr. Drinkhouse. It was moved and seconded that the matter be tabled. This motion to table was passed, with Mr. Thomson and Mr. Drinkhouse dissenting.

Mr. Wright submitted his resignation as treasurer and director. This resignation was accepted.

Mr. Thomson submitted his resignation as secretary and director. This resignation was accepted.

Mr. Howell submitted his resignation as a director. This resignation was accepted.

Mr. Norman Smith submitted his resignation as a director. This resignation was accepted.

Mr. Kepen submitted his resignation as a director. This resignation was accepted. Mr. Gordon Smith then acted as Chairman of the meeting.

It was moved that the By-Laws be amended to provide for 11 directors. This motion was unanimously approved.

LS 002124

Mr. C. Arnholt Smith and Mr. Phillip A. Toft were elected to fill the vacancies in positions on the Board.

The Board, upon recommendation of Mr. Thomson, declined the request of Mr. Hunter for a list of stockholders on the basis that no proper reason had been submitted for such list.

The forms of bank resolutions, as amended, were approved as attached to these minutes.

Mr. Gordon Smith stated that the Corporation should follow carefully the rules and regulations of all applicable regulatory bodies, and that he would rely heavily on Mr. Stogin.

The format of the annual report, subject to legal review, was unanimously approved.

It was moved that this meeting be recessed to meet at noon on February 7, 1972 in San Diego. This motion was seconded and unanimously approved.

There being no further business to come before the meeting, it was adjourned.

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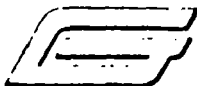
Albert Thomson, Secretary

APPROVED:

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Gordon P. Smith, Chairman

LS 002125



**GOLCONDA CORPORATION**

8550 WEST BAYN MAWR AVENUE • CHICAGO, ILLINOIS 60631

312/893-8844


INTERPRETATION NO. 1


Pursuant to its authority under Section 3 of the Golconda Corporation Performance Stock Unit Plan for Officers and Executives (the "Plan") the Plan Committee issues the following interpretation (designated as Interpretation No. 1) which shall be final and conclusive:

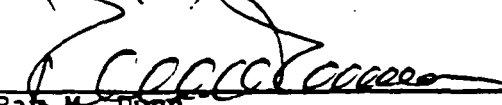
"Retirement of a Participant in the Plan shall not be considered a termination of employment for purposes of Sections 8.1, 8.2, 8.22, 8.4, 10.1, 11.1 and 11.2 of the Plan".

This Interpretation No. 1 shall be delivered to all Participants in the Plan.

For the Plan Committee by

  
Edwin B. Wright, Chairman

  
Daniel L. Brenner

  
Ray M. Dunn

  
Michael F. Drinkhouse

\_\_\_\_\_  
Kenneth Teel

LS 002126

Golc - CDA dm - 1159

MINUTES OF CONTINUATION OF THE  
BOARD OF DIRECTORS MEETING  
HELD ON JANUARY 27, 1972

A meeting of the Board of Directors of Golconda Corporation was held on February 7, 1972 at the Westgate Plaza Hotel, San Diego, California, as a continuation of the meeting of January 27, 1972. Mr. Gordon Paul Smith, acting Chairman, reconvened the meeting at 1:00 p.m. The following members were present:

Michael F. Drinkhouse  
R.M. Dunn  
Wray Featherstone  
H.F. Magnuson  
A.D. Martin  
Walter L. Sly  
C. Arnholt Smith  
Gordon Paul Smith  
Kenneth L. Teel  
Philip A. Toft

Mr. Daniel L. Brenner did not attend the meeting.

Present as guests were: Donald W. Adams, Richard S. Sloma and J.M. Stogin of Golconda Corporation and C. Hugh Friedman of the firm Friedman, Heffner, Kahan & Dysart.

Mr. G. Smith requested Mr. Stogin to act as Secretary for the meeting. Mr. G. Smith extended his welcome to Messrs. C.A. Smith and Philip A. Toft, to the Board of Directors of Golconda and to Mr. Friedman as a guest. Mr. G. Smith then briefly introduced all of the people present for the benefit of the new members and guest.

The acting Chairman (Gordon Paul Smith) asked for nominations for the position of Chairman of the Board of Directors of Golconda. Mr. Toft nominated Mr. C.A. Smith for the position of Chairman. This nomination was seconded by Mr. Drinkhouse. There being no further nominations, Mr. C.A. Smith was unanimously elected Chairman.

The Chairmanship was then assumed by Mr. C.A. Smith who made a brief statement of appreciation and expressed his desire to see Golconda grow and prosper as a separate viable company.

The meeting then proceeded to the election of officers to fill the vacancies of Secretary and Treasurer. The chair entertained nominations. Mr. G. Smith nominated J.M. Stogin for the position of Secretary. This nomination was seconded by Mr. Drinkhouse. There being no further nominations the vote was unanimous that Mr. Stogin be elected Secretary. Mr. G. Smith then nominated D.W. Adams as Treasurer. This nomination was seconded by Mr. Drinkhouse. There being no further nominations Mr. Adams was unanimously elected Treasurer.

LS 002127

The next order of business was the reorganization of the Executive Committee. The chair entertained nominations for membership on the Executive Committee of the Board of Directors. The following were variously nominated:

Messrs. R.M. Dunn  
H.F. Magnuson  
G.P. Smith  
P.A. Toft

and Messrs. D.W. Adams, R.S. Sloma and J.M. Stogin as ex officio members. All of the foregoing nominations were seconded by Mr. Magnuson and unanimously adopted by the Board.

The Board next considered filling the vacancies on the Board of Directors of Bastian-Blessing, Inc. It was moved, seconded and unanimously approved that Messrs. Adams, Dunn, Stogin and Toft be elected directors of Bastian-Blessing, Inc. to serve with the present directors H.F. Magnuson, R.S. Sloma and G.P. Smith.

The need for reorganization of committees of the Board was presented by Mr. G. Smith. After discussion, the following action was taken:

#### COMPENSATION COMMITTEE

Mr. Magnuson nominated Mr. Toft as a member of the Compensation Committee to serve with the present members of that committee D.L. Brenner, M.F. Drinkhouse, R.M. Dunn and K.L. Teel. This nomination was seconded by Mr. Drinkhouse and unanimously approved.

#### ACQUISITION COMMITTEE

Mr. Magnuson moved that the Acquisition Committee be comprised of the same persons as constitute the Executive Committee. This motion was seconded by Wray Featherstone and unanimously approved.

#### NOMINATING COMMITTEE

Mr. C.A. Smith requested authority to select the members of the Nominating Committee who will in turn prepare the slate of directors to be presented to the stockholders at the next annual meeting. Mr. Drinkhouse moved that Mr. C.A. Smith be granted that authority and the move was seconded by Mr. Toft and unanimously approved.

A discussion ensued as to the size of the Board. After comments were made by the members the Secretary was instructed to prepare for inclusion in the proxy for the annual meeting an Amendment to the Articles of Incorporation changing the requirement whereby the Board of Directors would consist of not less than seven (7) nor more than eleven (11) members. The exact number to be determined by the directors.



The request of The Illinois Company for a representative to be placed on the Board of Directors was discussed. Mr. C.A. Smith was authorized to meet with Clyde Keith of The Illinois Company to discuss the matter.

The Board next set 10:00 a.m. of the fourth Wednesday of each month as the designated time and date for regular meetings of the Executive Committee. It was agreed that the date of the next Board of Directors meeting would be left open at this time.

The Board next considered the various bank resolutions which were necessary in order to establish certain bank accounts required for the operations. The appropriate forms of resolution were adopted for the following accounts:

Corporate Service  
#2-55688

Executive Payroll  
#2-50791

Mercentile Trust Co.  
#16-40240

and for the safekeeping of corporate security holdings. Copies of those resolutions are hereby incorporated by reference.

The Board next considered the matter of listing on the American and Midwest Stock Exchanges and delisting on the National Stock Exchange. The decision made on January 27, 1972 was ratified. The chair entertained a motion that the legal department proceed with the necessary action to accomplish the results. A motion was made to that effect by Mr. Drinkhouse, seconded by Mr. G. Smith and unanimously adopted. The following resolution was also unanimously adopted:

"RESOLVED, That application be made to the Midwest Stock Exchange for the listing of the preferred and common stock of this corporation, and that Mr. J.M. Stogin be designated by the corporation to appear before the President of said Exchange, with authority to furnish such information and to make such changes in said application, or in any agreements relative thereto, as may be necessary to conform with requirements for listing."

The firm Linde, Thomson, Van Dyke, Fairchild & Langworthy had been handling a previous possible application on the American Stock Exchange. When this matter was discussed Mr. Toft moved that Mr. Friedman's firm (Friedman, Heffner, Kahan & Dysart) replace the firm of Linde, Thomson et al. as outside counsel and that Mr. Friedman work with Mr. Stogin as required on company legal matters. This motion was seconded by Mr. Drinkhouse and unanimously approved.

The Board discussed the release of a report of 1971 earnings. The officers were instructed to promptly release the earnings figures just as soon as Alexander Grant & Co., auditors for the company, approve the final audited figures.

The text for the annual report was approved for typesetting. The annual meeting of shareholders was set for April 21, 1972 at 10:00 a.m. at a location in Chicago to be selected by the Executive Committee. The record date will be established at the next meeting of the Board of Directors. The purposes of the meeting will be to elect a new Board of Directors, vote on an amendment to the Articles of Incorporation regarding the number of directors and to conduct such other business as may properly come before the meeting. The Board authorized the officers to proceed with the preparation of proxy material for the annual meeting:

Mr. C.A. Smith distributed to the members a report which reviewed the prospects for Hecla common stock. This report was read and discussed by the members. Mr. Stogin presented to the Board a draft of a letter to First California Company authorizing the sale of shares of Hecla common stock at a price of \$19 or better. The Board reviewed this letter and a discussion ensued as to the problems which might be encountered by limiting the price to \$19 or better. A lower price was suggested and after discussion the members of the Board agreed that Messrs. G.P. Smith and C.A. Smith were authorized to set the price from time to time as dictated by market conditions and to confer thereon with First California Company from time to time. The letter to First California was approved with the latter change.

Mr. Stogin reviewed for the Board the status of the proxy material for debentureholders. He commented upon the difficulties which have been encountered in clearing the proxy material, the timing in view of the March 31 deadline in the Agreement and the likelihood for obtaining debentureholder consents. After considerable discussion, Mr. Stogin was directed to withdraw the proxy material and it was decided at this time to proceed no further with the agreement for the transfer of assets to Bastian-Blessing, Inc.

The rights offering (S-3 Registration) was next discussed. Mr. Stogin reported that pursuant to prior direction of the Board this project was inactive and has been so since last October. The Chairman asked Mr. Featherstone to review for the Board the current status of the Alice venture. Mr. Featherstone then discussed the drilling activity, the result of that activity, and answered various questions of the members. After discussion the Board unanimously authorized Mr. Stogin to take the necessary action to withdraw the S-3 Registration.

Mr. G.P. Smith repeated for the benefit of the new members of the Board of Directors the conditions which he had presented on January 27th to the Board relating to his acceptance of the position of President and Chief Executive Officer of Golconda. At the conclusion of Mr. G.P. Smith's statement Mr. C.A. Smith commented that he was 100% behind those conditions.

A summary presentation of Golconda's operations and organization was presented. Mr. Sloma reported on Bastian-Blessing, Inc; Mr. Featherstone on Golconda Mining Corporation; and Mr. G.P. Smith on the corporate organization.

Mr. Adams next reviewed for the members the financial structure including working capital, debt structure and cash flow. He also presented a first quarter outlook and a profit plan for 1972. He responded to various questions from the members.

The Board next considered compensation and office arrangements for the President. Mr. C.A. Smith commented upon discussions with Mr. G.P. Smith and recommended to the Board that the President's compensation should be established at the rate of \$60,000 per year and that this rate be in effect until the next annual meeting. Mr. G.P. Smith indicated his acceptance of this rate of compensation pending other arrangements including, but not limited to, possible stock options, incentive bonuses and other perquisites. He indicated that he would be spending approximately 60 to 70% of his time in Chicago or elsewhere on company business. It was moved, seconded and unanimously approved that the initial compensation at the rate of \$60,000 per year until the next annual meeting be paid to Mr. G.P. Smith and that the Compensation Committee consider other possible compensation devices in addition to, and not in lieu of, base salary.

At the request of Mr. M.J. Coen, former Chairman of the Board of Golconda, Mr. Stogin distributed to the members a copy of an agreement between Haas & Wilkerson and Golconda Corporation relating to insurance. This matter was discussed and Mr. Stogin was directed to review the matter with Mr. Friedman. Mr. G. Smith requested D.W. Adams to review the insurance situation in general and to present his findings at the next Executive Committee meeting.

A bill for legal services from the firm of Louis Nizer was presented to the Board by Mr. Stogin. He read aloud a letter from D.L. Brenner to Albert S. Kepen concerning the services rendered. Mr. Stogin was directed to turn the bill over to Mr. Friedman who was directed to negotiate the charges in an attempt to reduce the amount, but in any event he was authorized to pay up to \$15,000, the amount of the bill.

A question was raised as to the pension plans of the company. Messrs. Adams, Stogin and Friedman were directed to review the pension situation as to the reasons for transferring the pension plans to Connecticut General.

There being no further business to come before the Board the meeting was adjourned.

APPROVED:

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Secretary

EXECUTIVE COMMITTEE MEETING  
February 23, 1972

LS 002132

MINUTES OF MEETING  
OF THE  
EXECUTIVE COMMITTEE  
OF  
GOLCONDA CORPORATION

A meeting of the Executive Committee of Golconda Corporation was held on Wednesday, February 23, 1972 at 10:00 a.m. at the company offices located at 4201 West Peterson Avenue, Chicago, Illinois. The following members were present:

Gordon Paul Smith  
Philip A. Toft  
Ray M. Dunn  
J.M. Stogin, ex officio  
Richard S. Sloma, ex officio

Mr. Magnuson was absent. Messrs. R.H. Watson, L.N. Lucas, J.T. Persinger, and R.R. DelPresto were present as guests. A quorum being present, the Chairman, Mr. Gordon Paul Smith, called the meeting to order at 10:00 a.m.

The first order of business was the approval of the minutes of the Executive Committee meeting of February 7, 1972. Mr. Dunn moved and Mr. Toft seconded that the minutes be approved without change and this was unanimously adopted.

The meeting proceeded to a report on operations. Each of the division managers reported on results for his operations.

Pioneer Astro - Jack T. Persinger

Mr. Persinger reviewed the financial results of his division for December and discussed the estimates for January, February and the coming months. He reviewed the present sales organization and described the new organization which anticipates a reduction in sales expense. He stated that there should be about a 90 day lag before results of the new organization are felt. Mr. Smith questioned the possibility for achievement of the profit goal for the year in view of the present results compared to last year for the same period. Mr. Persinger replied that, because of the product mix, the existing backlog and the new sales effort, the profit goals for this year are still achievable. Order intake and Pioneer's competition were discussed. In summation Mr. Smith commented that this is a critical year for Pioneer Astro and it will be watched closely.

Mr. D.W. Adams joined the meeting at this point.

LS 002133

Bastian-Blessing - Lawrence N. Lucas

Mr. Lucas began his presentation by stating that in view of the recent organizational changes in the Bastian-Blessing Division, Mr. DelPresto would participate in the presentation. Mr. Lucas reviewed the results thus far for the division. He described the recent payroll deductions which have taken place at Grand Haven wherein 102 direct, 46 indirect and 52 office personnel were terminated. This was discussed and a question raised as to the impact on future operations and the outlook. It was stated that the operation would be in the black in March. Mr. DelPresto presented to the members financial data for the two months and forecasts for February through April. He presented also the second quarter modus operandi. He described the contents thereof and his outlook and stated that "There is much to do right now without tackling the future problems now."

Mr. Smith briefly reviewed the history of operations at Grand Haven for Mr. Toft. A general discussion was then had. In responding to a question from Mr. Dunn concerning the plan for the future months, Mr. DelPresto reported that the plan from here on out is a new one for the remaining months. Mr. Smith stated that for purposes of the Incentive Plan at Grand Haven, the original plan is still the target.

Rego - Richard S. Sloma

Mr. Sloma reviewed for the members the results for the first two months and the outlook through April. Various questions were asked by the members and responded to by Mr. Sloma.

Mr. Watson presented a review of the labor situation. He said that he would discuss the situation in descending order of concern. He described the current negotiations with the Sheet Metal Workers and stated that the most recent management offer was for nothing in the first year and a 4% increase in the second year. He said that the leadership of the union has been made aware of the economic situation at the Bastian-Blessing facility. Discussion then ensued.

Mr. Watson next outlined for the members the situation with the International Association of Machinists and Aerospace Workers and stated that the union had been advised of the decision to subcontract the data processing facility and that the company was presently moving in that direction and up to this time there had been no interference from the union or its members. The company and the union will be bargaining concerning the termination of the operations.

LS 002134

Mr. Watson next discussed a possible election at the RegO facilities some time in March by the International Association of Machinists. Mr. Watson stated that he felt that RegO was in a strong position at this time. A discussion ensued.

Mr. Watson next discussed the general need for the company to plan for the filling of future openings in various management positions from within the organization.

Mr. Dunn asked about contingency plans in the event of a strike at the Grand Haven plant. Mr. DelPresto described the course of action in the event of a strike.

The meeting was recessed for lunch at 12:05 p.m.

The meeting was reconvened at 12:45 p.m. Messrs. Watson, Lucas, Persinger and DelPresto did not rejoin the meeting.

There was a discussion of organizational matters especially as respects the accounting operation. This included some discussion of accounting staff problems at Grand Haven.

Mr. Adams distributed various financial reports which were then reviewed. Corporate expenses were reviewed in detail especially the revised plan for 1972. The matter of corporate donations was raised by Mr. Stogin. After discussion Mr. Adams was instructed to reduce the 1972 Plan to no greater than 1/2 of the actual amount for 1971.

A general discussion regarding the "Phantom Plan" was entered into in connection with the plan. Mr. Stogin advised the members that certain aspects thereof were being reviewed by Friedman, Heffner, Kahan & Dysart.

In connection with Mr. Kepen's consulting arrangement it was decided that no formal contract would be entered into.

The move of the corporate office was discussed and it was decided that Mr. Stogin was to work out with Mr. Sloma the arrangements for moving the corporate office to Peterson Avenue in approximately 30 days. The move is to be completed and the Bryn Mawr office is to be available for sublease in 60 days.

The sale of the Hecla stock which had been previously approved was discussed and the present conditions of the market and price for Hecla reviewed. In connection with the company's ownership of securities, Mr. Adams and Mr. Stogin are to jointly inventory the securities, sign off and deposit the same in the Central National Bank for safekeeping.

LS 002135

Mr. Smith pointed out that many requests from the West Coast were being received by various staff members. It was agreed that Mr. Toft would attempt to get the persons making the requests to soft-pedal such requests. In any event requests are to be directed through Mr. Gordon Smith.

Mr. Adams distributed to the members various materials relating to insurance. The material was discussed. Mr. Toft is to check with Mr. Friedman regarding the status of the company's agreement with Haas and Wilkerson.

The details for the annual meeting were deferred until the next board meeting.

Pursuant to discussion it was decided that the next Executive Committee meeting would be held on March 22nd and the next Board of Directors meeting on March 23rd. Assuming no strike is in progress at Grand Haven the Executive Committee will be held there. The Board meeting will be held at the Peterson Avenue facilities.

All materials which are to be discussed at meetings of the Board or Committees of the Board are to be given to Mr. Stogin for consolidation and distribution to the members along with the mailing of the agenda.

The Committee next considered policies and procedures regarding possible acquisitions. There was a general discussion on the subject and the following preliminary criteria were established:

- (1) A 10 to 15% pre-tax return on investment.
- (2) Compatibility with existing organization.
- (3) Adequate management accompanying the acquiree.

It was pointed out that no commitments of the company are to be made in connection with an acquisition until it has been presented to the Board of Directors and received their approval. Mr. Stogin stated that there may be limitations under our various loan agreements which must be met before entering into definitive agreements. Mr. Stogin was requested to prepare a list of "do nots" from the loan agreements.

Mr. Sloma presented for consideration the possible acquisition of Alkon. This matter was discussed and Mr. Sloma was permitted to take certain preliminary steps prior to the next Board meeting. Mr. Sloma also presented a letter from the Enander Company in connection with possible acquisition candidates. Subject to certain language additions by Mr. Stogin, Mr. Sloma was authorized to proceed with the Enander Company.

LS 002136



The meeting next proceeded to the subject of the annual report. Mr. Adams reported on the auditors comments for the financial statements and on the investment section of the report. Mr. Adams was instructed to work with the auditors to expedite the completion of the financial material.

For the benefit of the members Mr. Smith read a letter which he had sent to Mr. Clyde Keith of The Illinois Company regarding their request for a directorship.

There being no other business to come before the meeting, the meeting was adjourned at 3:50 P.M.

APPROVED:

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Secretary

\_\_\_\_\_  
Chairman

LS 002137

EXECUTIVE COMMITTEE MEETING  
March 22, 1972

**LS 002138**

MINUTES OF MEETING  
OF THE  
EXECUTIVE COMMITTEE  
OF  
GOLCONDA CORPORATION

A meeting of the Executive Committee of Golconda Corporation was held on Wednesday, March 22, 1972 at 10:20 a.m. at Grand Haven, Michigan. The following members were present:

Gordon Paul Smith  
Ray M. Dunn  
H.F. Magnuson  
Philip A. Toft  
John M. Stogin, ex officio  
Donald W. Adams, ex officio

Present as guests were:

R. R. DelPresto  
L.N. Lucas  
J.T. Persinger

A quorum being present, the Chairman, Gordon Paul Smith, called the meeting to order at 10:20 a.m.

The first order of business was the approval of the minutes of the Executive Committee meeting of February 23, 1972. It was moved, seconded, and unanimously adopted that the minutes be approved without change.

The meeting proceeded to reports on operations. Each of the division managers presented a report on current results and future outlook for his particular division.

Pioneer Astro - J.T. Persinger

Mr. Persinger reviewed financial data for his division through the end of January and discussed the estimate for the coming months through the end of May. He forecast a \$108,000 loss, compared to a planned loss of \$33,000. He stated that he still expects to hit the plan for the year because of expected shippable backlog which he described to the members. He stated that it was necessary to shoot for \$1.4 million in order intake to generate a needed \$1.1 million in shippable business this year. This order intake must be on the books by August 31st to achieve the plan. The material presented to the meeting was thoroughly discussed. In the course of that discussion, Mr. Dunn requested that prior forecast figures also be shown on the summary reports. Mr. Toft commented on the report format and requested that future reports contain more detail so that the shipment of the backlog by month, as well as input, be shown.

LS 002139

Bastian-Blessing - L.N. Lucas and R.R. DelPresto

Mr. Lucas opened the presentation by stating that credibility can now be attached to forecasts. He also described the labor settlement which was recently reached with the Sheet Metal Workers union. He indicated that March would be a turn-around month in terms of profit, that the second quarter would be at a break-even level, and that profits are anticipated for the third and fourth quarters. Mr. DelPresto then presented two main comments on operations. He pointed out that some of the cost reductions which took place in February have not yet been reflected in profit results. He expressed confidence in a profit of \$333,000 for the year. This is still short of the plan of \$425,000, but he is hopeful the plan will be reached. There is \$10.3 million in backlog, the results of which should be favorable for the year. He stated that he believed profit margins in the backlog are favorable, but that inventory validity may be a problem. In response to a question from Mr. Smith as to whether or not a first-half loss could be avoided in 1973, Mr. DelPresto replied "Yes". Mr. Dunn asked when cost savings would be reflected in the results. Mr. DelPresto pointed out that results should begin to show these savings in April after the discontinuance of severance pay and compensation. Savings from the "Bastian-Blessing On The Move Program" would carry over into 1973, and the full impact of the savings will not be realized until 1973. Mr. Smith inquired why sales were up but profit was down. Mr. DelPresto replied that variances last year during the same period were favorable, whereas this year they have been unfavorable. These are being corrected.

Mr. Adams interjected that there had been heavy unabsorbed burden write-offs in January and February. Mr. Toft asked for a discussion of the method used in handling burden, to which Mr. Adams responded. Both Mr. Adams and Mr. DelPresto indicated that they believed that a pickup at year end was being generated in the inventory. Mr. Toft asked the question "Have you gotten hold of the inventories?" Mr. Adams replied "We like to think so, but are not yet ready to say 'Yes'." Mr. Toft asked for a discussion about costing methods. Both Mr. Adams and Mr. DelPresto responded that a hybrid system is now in existence using standards and estimates, but the reliability of the costing method was not certain. Mr. Adams expressed a belief that the shrinkage is and has been in material costing. In response to a question about management and labor morale, Mr. DelPresto replied that it was good despite the many cutbacks which have occurred. He further discussed profit-leak corrections. Mr. Smith asked what the outlook was for return on sales for the future. Mr. DelPresto replied 4%. Mr. DelPresto also pointed out that there has been an increase in the unemployment insurance tax rate from 2.2% to a rate of 4.4%. This will affect costs unfavorably. After a discussion about the use of the Wiedematic machine, Mr. Dunn stated that we should have post-audits on capital improvements.

LS 002140

RegO - D. W. Adams for R.S. Sloma

Mr. Adams reviewed the results for the RegO division pointing out that, due to a switch over in order entry systems, the February order intake level was low but that this is offset by a high intake level in March. Mr. Adams stated that the second quarter results should be at least equal to the plan. Mr. Toft asked for a discussion as to the reserves which are accumulating. Mr. Adams discussed that matter, and also pointed out that part of the variance from last year-end result was due to heavy other income, royalties and sale of certain assets in the earlier part of last year. He concluded on an optimistic note for the division.

Labor Activities

Mr. Adams discussed this subject for the members. As to the EDP operation, last Friday the entire installation was moved out and contracted with an outside agency. By the end of April only one programmer and coordinator will be left at RegO. As to the union situation at RegO, meetings are currently being held by Mr. Sloma with the employees, and the election will be held on Friday, March 24th.

Messrs. DelPresto, Lucas and Persinger left the meeting at 12:05 p.m.

Mr. Smith reported on corporate activities. He discussed the following savings (all annualized): salary eliminations \$207,000; directors costs \$35,000; headquarters space (net after subleasing) \$27,000; audit and legal \$60,000; other fees \$65,000; miscellaneous items \$45,000; total savings = \$439,000.

Mr. Smith reported that relationships with the Central National Bank, The Illinois Company and State Mutual Life Insurance Company appear favorable.

Mr. Adams reported on corporate financial results for the period to date and estimated results for the forth coming three months. The figures presented by Mr. Adams were discussed in full.

Mr. Smith reported to the members that Westgate-California Corporation held 28.7% of the voting shares of Golconda as of March 9, 1972. This consists of 914,366 shares of common stock.

Legal Matters - J.M. Stogin

Mr. Stogin presented the matter of the upcoming quarterly preferred dividend. The amount of earnings available and the dividend restrictions were discussed in full. The declaration of the dividend is to be presented to the Board of Directors tomorrow.

LS 002141

Mr. Stogin reported that the S-3 Registration for the rights offering has been withdrawn and that the Securities and Exchange Commission entered an order thereon on March 6, 1972.

The proxy material for the annual meeting was presented and discussed. It was decided to hold an Executive Committee meeting on April 20 at 10:00 a.m. This being the day before the annual meeting. The Board of Directors meeting will take place after the annual meeting on April 21.

The need for a resolution providing for new stock powers in the event of the sale of any of the Hecla or other securities was presented. Mr. Stogin commented on the favorable decision rendered by the Supreme Court of Washington in the Golconda vs. Hecla case regarding cumulative voting. Mr. Magnuson elaborated upon this decision and its possible favorable effects for Golconda.

The matter of officers and directors liability insurance relating to the consolidation of Bastian-Blessing and Pioneer Astro Industries was presented. The committee agreed to recommend to the Board that this insurance not be continued, and that the two principal remaining individuals involved (Messrs. Brenner and Stogin) be indemnified by the Company.

A request from the attorney for Mr. Newman (a shareholder) was presented by Mr. Stogin. After discussion it was moved by Mr. Magnuson, seconded by Mr. Dunn, and unanimously agreed that Mr. Stogin write to Mr. Newman's attorney declining his offer.

Listing on the American Stock Exchange and Midwest Stock Exchange has been deferred pending clearance of the S.E.C. subpoena matter. In connection with the delisting of the common stock from the National Stock Exchange, Mr. Stogin reviewed his discussion with the Exchange and recommended that the decision to delist be deferred to at least July 1, 1972. This was agreed to by all the members.

Mr. Smith next presented the matter of setting Bastian-Blessing, Inc. up as a wholly-owned subsidiary, and recommended that the approval of debentureholders once again be sought and that Mr. Adams begin to prepare the necessary financial statements as required by the S.E.C. This matter will be recommended to the Board.

Mr. Smith reported to the members that only 1,000 shares of Hecla stock had been sold since February. There was some discussion on the future course of action with respect to Hecla stock sales in view of the favorable decision rendered in the Golconda vs. Hecla case.

The matter of the potential acquisition of Alkon was reviewed, and it was reported that the acquisition was not possible since a higher offer had been accepted by Alkon.

LS 002142

7

Mr. Smith elaborated upon the need for the authority of the Executive Committee to move efficiently when dealing with potential acquisitions. He will present a resolution to the Board tomorrow requesting that the Executive Committee be authorized to negotiate on behalf of the Board. The committee agreed to unanimously recommend such action to the Board.

The matter of expense accounts was presented by Mr. Smith and the following agreed to:

(1) No blanket bills will be incurred when the group meets at various locations. Each person will be expected to pay his own hotel bill, etc. and render his expense report to the company for reimbursement.

(2) With the exception of air travel cards and Hertz cards, all credit cards are to be held on a personal basis, not on a company basis.

Mr. Smith presented the need and request for his setting up a small office in San Francisco, including a secretary. This matter was discussed and it was moved by Mr. Dunn, seconded by Mr. Toft and unanimously carried, that Mr. Smith be authorized to proceed with the establishment of a small office in San Francisco as he outlined.

Mr. Dunn suggested that it would be appropriate for Mr. Adams to present to the Board the financial results for all divisions and the company, and that Mr. Sloma report to the Board on operations. It was agreed that Mr. Adams should work out such arrangements with Mr. Sloma.

Mr. Smith read to the members "A Report to the Board from the President", which he will present to the Board tomorrow. The members reviewed the report favorably.

There being no further business to come before the Committee, the meeting was adjourned at 2:35 p.m.

APPROVED:

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Secretary

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Chairman

LS 002143

MINUTES OF MEETING  
OF THE  
BOARD OF DIRECTORS  
OF  
GOLCONDA CORPORATION

A meeting of the Board of Directors of Golconda Corporation was held on March 23, 1972 at the company's facilities located at 4201 West Peterson Avenue, Chicago, Illinois, pursuant to notice. The Chairman, Mr. C. Arnholt Smith, called the meeting to order at 3:05 p.m. The following members were present:

Daniel L. Brenner  
Michael F. Drinkhouse  
Ray M. Dunn  
Wray Featherstone  
H.F. Magnuson  
A.D. Martin  
Walter L. Sly  
C. Arnholt Smith  
Gordon Paul Smith  
Philip A. Toft

Absent: Kenneth L. Teel. Present as guests were: Donald W. Adams, J.M. Stogin, Richard S. Sloma, and C. Hugh Friedman.

Mr. C. A. Smith commented to the Board about the favorable impression he had received during his tour of the RegO plant facilities.

The chair entertained a motion for approval of the minutes of the meeting of February 7th, 1972. Mr. Magnuson moved the minutes, Mr. Dunn seconded the motion and the minutes of February 7th were unanimously approved.

Mr. Gordon Smith reported to the Board on Golconda Corporation -- its goals for the present and future. He read to the Board of Directors his report dated March 23, 1972 entitled "Golconda's Quest", a copy of which is appended hereto, and distributed the same to the members. This report was favorably received by the chair and the members.

Mr. Sloma reported on Bastian-Blessing, Inc. operations. He reported that accounts receivable were up and inventories down as compared to the plan. He also reported on the union meetings which are taking place currently in preparation for an election in the RegO division. He further commented on the Grand Haven contract with the Sheet Metal Workers pointing out that there had been no changes in the language.

LS 002144



Mr. Gordon Smith, at this point, commented about the fact that favorable RegO profit had been offset by low profits and losses in other divisions and high corporate expense, but that there were definite moves underway to avoid this dilution in the future.

In reporting on cash flow for Bastian-Blessing, Inc. Mr. Sloma stated that RegO had a positive cash flow of \$700,000 so far this year, that Grand Haven was off but would be even in the next quarter, and Pioneer Astro was \$300,000 behind in cash flow.

Mr. Featherstone reported on Golconda Mining Corporation operations. He reviewed the history of Golconda Mining for the members and recapped the Hecla and Alice Consolidated situation. He pointed out that he is involved in maintaining mining claims on 40 claims and that there is a possibility of some diamond drilling taking place on those claims. He stated that expenditures up to this point are modest and that these are in addition to the efforts which he expends directly in processing the claims. There is a possibility that the Black Bear Mine will be opened up in the future.

Mr. Featherstone distributed copies of the Hecla annual report and discussed some of the matters therein, especially concerning the decline in the price of silver which he said is currently at about \$1.54 an ounce. He pointed out that silver consumption amounts to about 376,000,000 ounces annually, whereas production is at approximately 240,000,000 ounces. The balance of 136,000,000 ounces comes primarily from salvage and existing inventories.

Hecla has suggested a possible modification of the agreement for development of the Alice Mine. This matter was discussed after Mr. Featherstone had described the recent drilling activities, illustrating locations with the use of maps. After the discussion had been completed, it was decided that Golconda's position would be to stand pat on the agreement as it is.

At this point in the meeting the recent favorable decision in the Golconda vs. Hecla case was raised. (This pertains to the court decision to permit cumulative voting of shares.) Both Mr. G. Smith and Mr. Magnuson commented on that decision for the benefit of the members of the Board. After discussion, Mr. Magnuson recommended that someone from Golconda be appointed as the individual to be elected to the Hecla Board of Directors. Mr. Gordon Smith moved that the company use its cumulative voting rights in the Hecla shares for the election of Mr. Magnuson to the Board of Directors of Hecla Mining Company at its next annual meeting. Mr. Dunn seconded the motion, and it was unanimously carried. The following resolutions were unanimously adopted:

"RESOLVED, that the corporation does hereby appoint Wray Featherstone, H.F. Magnuson and Allan H. Toole, or any one of them, its attorneys to attend and to vote all the shares of Hecla Mining Company standing in the name of this corporation or in the name of Golconda Mining Corporation at the annual meeting of the shareholders of Hecla Mining Company called for April 28, 1972, and any adjournments thereof, upon any and all matters which may come before said meeting; and

RESOLVED, that the President and Secretary of the corporation be authorized and directed to prepare and execute a proxy in proper form evidencing the authority of said attorneys to vote the shares of Hecla Mining Company standing in the corporation's name or the name Golconda Mining Corporation (the name of the corporation prior to September 10, 1970) and to take all action at such meeting on behalf of this corporation which the officers of this corporation might take if personally present."

Mr. Adams reported on key financial results for 1971, the first quarter 1972, and the outlook for fiscal year 1972. Various members asked questions concerning the figures and Mr. Adams responded thereto.

The meeting next proceeded to a consideration of various legal matters. Mr. Stogin presented the proxy material to the meeting. This proxy material has been filed with the Securities and Exchange Commission and distributed in advance to the directors and officers. The Board was asked to approve the annual meeting date, time and place, the record date, all of the matters contained in the proxy, the individuals to vote the proxy, the slate of directors and all of the material filed. Mr. Magnuson moved, Mr. Dunn seconded and it was unanimously approved, that all of the information as contained in the preliminary copies of proxy materials presented to the meeting are approved and ratified. The Board further authorized the Secretary to prepare and mail the notice of annual meeting, to solicit proxies for and on behalf of management, and to file all necessary and proper material with the S.E.C.

Mr. Stogin reported on the Clarence Hunter (a shareholder) matter pointing out that he may be interested in having himself elected as a director at the next annual meeting. Mr. Stogin and Mr. Sloma were instructed to get in touch with him about this matter.

Mr. Stogin next advised the members of a request of a stockholder (Mr. Newman), via his attorney, for the company to purchase his shares of stock. Mr. Stogin explained the history in this matter. Mr. G. Smith commented thereon and a discussion ensued. Mr. Stogin was instructed to write to the stockholder's attorney declining his offer.

Mr. Stogin presented the need for authorization of officers to execute documents in connection with the possible sale of securities, including but not limited to Hecla Mining Company stock. The Board approved the resolution as set forth in the attached copy of resolution which is hereby incorporated by reference.

Mr. Stogin presented a request of the Central National Bank in Chicago for the replacement of lost certificates. Indemnity bonds have been submitted. The following resolution was adopted:

"RESOLVED, that the Central National Bank in Chicago is authorized to accept the affidavits and indemnity bonds and replace the lost certificate No. D511 representing 100 shares of common stock and certificate No. DU398 representing 200 shares of common stock."

The Board next considered the officers and directors liability insurance which is being carried on the merger of Bastian-Blessing and Pioneer Astro in 1969. This insurance expires on May 6, 1972. It was the decision of the Board that this insurance should not be renewed. It was the unanimous decision of the Board, however, that the company should fully indemnify any officers and directors of Golconda who were involved in the merger of The Bastian-Blessing Company and Pioneer Astro Industries, Inc. which took place in May, 1969.

Mr. Stogin presented to the members a report on the status of the delisting on the National Stock Exchange. This matter was discussed and it was agreed that further action would be deferred until at least July 1, 1972.

Mr. G. Smith next reported on matters and decisions of the Executive Committee meetings of February 23rd and March 22nd. He urged the resumption of the creation of Bastian-Blessing, Inc. as a wholly-owned subsidiary, stating that Mr. Clyde Keith of The Illinois Company had indicated debentureholder approval more than likely could be obtained if the company's legal and financial set-up was sound. The chair requested that a plan be prepared for the April 21st meeting so that a vote could take place -- yes or no -- as to whether to proceed with this matter.

Mr. C.A. Smith at this point commented on the insurance matters pointing out that he had met with Messrs. Haas, Coen and Crawford and others to discuss the matter. Mr. Haas is to present a plan modifying his agreement. This matter was carried over to the next meeting. Mr. Friedman commented on the legality of the Haas agreement. There was a discussion of the Allstate Accident and Health Insurance proposal. It was agreed that Mr. C.A. Smith would follow the matter with Mr. Adams, Mr. Haas and others.

Mr. G.P. Smith reported on the action taken at the Executive Committee meeting relating to a San Francisco office for him. Mr. Brenner moved and Mr. Sly seconded and it was unanimously agreed that the action of the Executive Committee approving an office in San Francisco for Mr. Smith be ratified.

✓ The Board next considered the proposed Alkon acquisition. Mr. Sloma described the Alkon matter and how we lost the acquisition because a higher bid had come in. Mr. G. Smith commented on the need for authorization of the Executive Committee to be able to move more efficiently in the future. After substantial discussion, including comments raised by Mr. Friedman as to the legal aspects of delegating authority to the Executive Committee, the following motion was presented:

"RESOLVED, that the Executive Committee, with the concurrence of the Chairman of the Board of Directors, be delegated the authority and responsibility to manage the company's assets on behalf of the Board, or specifically to employ the Hecla stock and any other investments in our portfolio for the purpose of adding to the company's earnings.

The Executive Committee was also authorized to utilize such investments with the concurrence of the Chairman, as it deems fit through careful planning and analysis for acquisitions, debt retirement, preferred stock purchase, or any meaningful combination of these possibilities, but that final approval of the Board would be necessary."

Mr. Gordon Smith made the motion, Mr. Dunn seconded, and the preceding resolution was unanimously approved.

Mr. G. Smith described the Executive Committee's decision relating to expense policies for directors and officers.

The proposed listing on the American and Midwest Stock Exchanges was raised and it was agreed that these would be delayed until the clearance of the current matter pending before the Securities and Exchange Commission.

The Board next considered declaration of the preferred stock dividend. Mr. Stogin pointed out the limitations involved in declaring a dividend at this time based upon earnings to date. The members of the Board agreed that, conditioned upon adequate earnings being available as of March 31 for the declaration of the dividend, so as not to be in default under any of the loan agreements which the company has, that the attached resolution be adopted as of April 3rd.

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The status of the Hecla stock sales was reviewed by Mr. C.A. Smith. A discussion ensued as to the possibility of a block sale and a possible modification of the limiting agreement which now exists. Mr. C.A. Smith was authorized to explore the placement of the Hecla block.

Mr. Stogin reported that the proposed rights offering of Hecla and Alice Consolidated stock by Golconda Corporation was withdrawn and the S.E.C. entered an order thereon as of March 6, 1972.

For the benefit of the members, Mr. G. Smith reviewed the decisions and arrangements for the annual meeting which will be held on April 21, 1972. He pointed out that now was an appropriate time to set dates for future meetings and the following schedule was established. The Board of Directors will meet on:

April 21, 1972	July 27, 1972	October 26, 1972
January 25, 1973	April 20, 1973	

The Executive Committee will meet (in addition to any other regular or special monthly meetings) on the day prior to those dates, namely:

April 20, 1972	July 26, 1972	October 25, 1972
January 24, 1973	April 19, 1973	

Mr. C.A. Smith reported on his meeting with Clyde Keith of The Illinois Company.

Messrs. Stogin, Adams and G. Smith were excused from the meeting. During their absence the Board considered and acted upon compensation. The attached exhibit reflects the decisions of the Board.

Mr. Stogin, in conjunction with Mr. Friedman, was instructed to prepare a qualified stock option plan.

The last item of business was the adoption of the Company's philosophy and goals as proposed by Mr. Gordon Smith in his initial report to the Board presented this day.

There being no further business to come before the Board, the meeting was adjourned at 5:50 p.m.

APPROVED:

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Secretary

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Chairman

LS 002149

EXECUTIVE COMMITTEE MEETING  
April 20, 1972

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LS 002150

MINUTES OF MEETING  
OF THE  
EXECUTIVE COMMITTEE  
OF  
GOLCONDA CORPORATION

A meeting of the Executive Committee of Golconda Corporation was held on Thursday, April 20, 1972 at 10:00 a.m. at the offices of the Company at 4201 West Peterson Avenue, Chicago, Illinois. The following members were present:

Gordon Paul Smith  
Ray M. Dunn  
H.F. Magnuson  
Philip A. Toft  
Donald W. Adams, ex officio  
Richard S. Sloma, ex officio  
John M. Stogin, ex officio

Present as guests were:

R.R. DelPresto  
L.N. Lucas  
J.T. Persinger  
R.H. Watson

A quorum being present, the Chairman, Gordon Paul Smith, called the meeting to order at 10:00 a.m.

The first order of business was the approval of the minutes of the Executive Committee meeting of March 22, 1972. Mr. Stogin was requested to read the minutes which he did. Mr. Adams revised the minutes by deleting the third sentence in the second paragraph on page two. Mr. Dunn moved that the minutes be approved as read with Mr. Adams revision. This was seconded by Mr. Magnuson. The minutes were unanimously approved. It was suggested that perhaps future minutes contain less detail without sacrificing the substance of the action taking place.

The meeting next proceeded to the reports on operations.

Pioneer Astro - J.T. Persinger

Mr. Persinger presented to the members various reports which were discussed in detail. He stated that the backlog is coming in satisfactorily. Substantial discussion ensued regarding the profit requirements in the remaining months of the year in order to meet the plan for 1972. The MR program was reviewed as was plans for the photocopy manufacturers. Mr. Smith expressed to Mr. Persinger his confidence in the division.

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Bastian-Blessing - L.N. Lucas and R.E. DelPresto

Mr. Lucas commented to the meeting that credibility for the figures at the division is improving. Profit erosion has been reversed and the division is now on a solid footing for profit contribution. In addition to a reduction in the assets employed at Grand Haven, the shipping performance to customers has improved. Cooperation has been received from the Sheet Metal Workers in efforts to improve the division's results, but the Carpenter's union is still a problem.

Mr. DelPresto presented the financial data for the division expressing confidence in profits and the outlook. Mr. Smith commended Mr. DelPresto for the action and results which have taken place during his employment at Grand Haven. Mr. Sloma complimented and offered recognition to Mr. Lucas for his efforts in the past. Mr. Smith added his comments.

RegO - R.S. Sloma

Mr. Sloma distributed financial data for the division which was discussed in detail. He commented on the improved service to customers and the 100 day plan. He further elaborated upon his program to invert the inventory structure. Some discussion took place regarding RegO-Europe and the joint venture in Europe. Mr. Sloma commented that capital expenditures are under control and for the year should be less than plan.

Labor Relations - R.H. Watson

Mr. Watson reported on the defeat of the union at the recent election which took place at RegO. He described employee relations efforts which are now under way in that division. At Bastian-Blessing Mr. Watson stated that the Sheet Metal Workers were more company oriented as a result of the recent negotiations. Mr. Dunn requested feedback to the committee on results of the employee meetings at RegO.

Pension Committee

The matter of the need for a pension committee was presented. Mr. Watson described the activities of the committee. Mr. Smith proposed that the Executive Committee recommend to the Board that a pension committee of Messrs. Watson, Sloma and Stogin be appointed. This proposal was moved by Mr. Dunn, seconded Mr. Magnuson and unanimously approved.



### Corporate and Financial Matters

Mr. Adams distributed various reports showing financial results through March and projections through June. A thorough discussion with all the members participating took place.

The meeting was recessed for lunch at 12:15 p.m. and reconvened at 1:00 p.m. without Messrs. DelPresto, Lucas, Persinger and Watson.

### Legal Matters - J.M. Stogin

Mr. Stogin reported on his correspondence with Mr. Newman's attorney and the status of the S-8 registration. The need for security clearance was presented and upon recommendation of Mr. Stogin, the committee unanimously agreed to recommend to the board that all security matters be delegated to the Executive Committee.

At Mr. Sloma's request, Mr. Stogin is to investigate the legal requirements to determine if it is possible to enable Mr. Sloma to make presentations of the company's common stock as awards.

### Annual Meeting - J.M. Stogin

Mr. Stogin brought the committee up to date on the status of proxies received and the arrangements for the annual meeting which will be held tomorrow.

### Insurance - D.W. Adams

Mr. Adams distributed correspondence regarding various insurance matters. After a thorough discussion the following was agreed to:

(1) Mr. Adams is to follow-up cancellation of the Haas & Wilkerson agreement.

(2) Mr. Magnuson is to obtain information on the adequacy of Hecla Mining insurance coverage and report back to the committee.

(3) Pioneer's excess coverage for aviation product liability is to be retained.

(4) The excess coverage insurance and full replacement value on buildings and contents is to be retained.

(5) Mr. Adams is to obtain additional information regarding directors and officers liability insurance as to dollars of coverage, cost, etc. and report back to the committee.

(6) The recommendation to eliminate collision coverage on all company owned vehicles and uninsured motorist coverage on all vehicles other than passenger vehicles was adopted.

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(7) Employee crime limits were retained at \$300,000.

(8) Excess self-insurance coverage is to be discontinued as of August 15, 1972 and Mr. Adams is to notify Haas & Wilkerson. Mr. Adams also is to explore the Allstate proposal and if OK, management is to go ahead with that plan. Mr. Stogin advised those present of the need to discuss the matter with the unions before implementing any changes. This is to avoid any charges of unfair labor practices.

Hecla Directorship - G.P. Smith

This matter was discussed and Mr. Stogin advised the committee that the proxy to be used at Hecla's annual meeting had been prepared and would be given to Mr. Magnuson.

Real Estate

Mr. Smith raised for discussion the various real estate holdings of the company.

Acquisitions

Mr. Sloma reported that there were seven possible candidates in the hopper and that Mr. Adams is preliminarily reviewing the available financial data. It was decided to add acquisition review to future agendas for this committee.

Purchase of Company Securities

The financial advantage to the company of purchasing some of its bonds and/or preferred stock was discussed. The committee unanimously agreed to seek authorization from the board of directors for the purchase of bonds and/or preferred stock to yield a satisfactory rate of return to the company.

The next meeting of the committee is scheduled for May 24, 1972 at 10:00 a.m. at the offices at 4201 West Peterson Avenue, Chicago, Illinois.

There being no further business to come before the committee, the meeting was adjourned at 3:20 p.m.

APPROVED:

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Secretary

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Chairman

LS 002154

EXECUTIVE COMMITTEE MEETING

May 24, 1972

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LS 002155

MINUTES OF MEETING  
OF THE  
EXECUTIVE COMMITTEE  
OF  
GOLCONDA CORPORATION

A meeting of the Executive Committee of Golconda Corporation was held on Wednesday, May 24, 1972 at 10:00 a.m. at the company offices located at 4201 West Peterson Avenue, Chicago, Illinois. The following members were present:

Ray M. Dunn  
H.F. Magnuson  
Richard S. Sloma  
Gordon Paul Smith  
Philip A. Toft  
Donald W. Adams, ex officio  
J.M. Stogin, ex officio

Present as guests were: R.R. DelPresto, L.N. Lucas, J.T. Persinger and R.H. Watson. A quorum being present, the Chairman, Mr. Gordon Paul Smith, called the meeting to order at 10:00 a.m.

The first order of business was the approval of the minutes of the Executive Committee meeting of April 20, 1972. The minutes, having been previously supplied to the members, were unanimously approved.

Before the individual presentations by the division managers Mr. Smith requested Mr. Sloma to present an estimate of results for the balance of the year for Bastian-Blessing, Inc. Mr. Sloma distributed a report which indicated a favorable outlook for the balance of the year. He pointed out to the members that he was confident of the future results. It must be recognized that the accomplishment of those results will require considerable effort and does not necessarily represent booked earnings at this time. Mr. Smith commented that this certainly would indicate a favorable start in 1973. The report was thoroughly discussed.

Pioneer Astro - J. T. Persinger

Mr. Persinger distributed various reports which were discussed at length. These included mid-month forecasts indicating the outlook for Pioneer's backlog and results of the M/R program. These reports were all discussed and Mr. Persinger pointed out that he needed only \$461,000 additional business shippable this year to hit the plan. Mr. Dunn presented Mr. Persinger with

LS 002156

information on possible business with Apoco. A general discussion was held of plans for the future of Pioneer as previously presented by Mr. Sloma to the members in a brochure.

Bastian-Blessing - L.N. Lucas and R.R. DelPresto

Mr. Lucas began the presentation by giving a report on the National Restaurant Association show and his contacts with distributors and others attending the show. He expressed his personal appreciation for the recognition granted him at a recent dinner marking his retirement and stated that he felt the future of the company was in good hands. The members expressed their appreciation for Mr. Lucas's services to the company.

Mr. DelPresto presented and discussed the mid-month forecast for May, 1972. In general it was in line with previous plans presented to the committee. A general discussion ensued relating to operations at Grand Haven. This included a comparison of the last half of 1971 with the year to date 1972. It was announced that a Controller has been hired for the staff at Grand Haven.

RegO - R. S. Sloma

Mr. Sloma distributed financial data for the RegO Division which he then elaborated upon. He pointed out that sales in May may slip a bit from expectations but he was confident of June sales. Mr. Sloma described for the members the marketing distribution channels and his plans for changing operations in the Northeast area of the country. He described the plan to change the inventory profile along with the establishment of the RDC program. He responded to various questions and comments from the committee.

Labor Relations - R.H. Watson

Mr. Watson reported that at the present time labor matters were at rest. There being no unusual developments occurring he then proceeded to describe a training program which is being implemented. This program was discussed by the members along with a general discussion of profit sharing concepts. Mr. Toft recommended that documentation be prepared as to action taken when the company receives notices through its employees of work complaints.

The meeting adjourned for lunch at 12:10 p.m. and reconvened at 1:00 p.m. without Messrs. DelPresto, Lucas, Persinger and Watson.

Corporate and Financial Matters - D.W. Adams

Mr. Adams presented reports of operations for Golconda Corporation including the highlights of the May mid-month forecast and a profit plan runout for the company as a whole for all of 1972. These reports were thoroughly discussed with all members participating. The outlook generally was very favorable.

Legal Matters - J.M. Stogin

Mr. Stogin discussed for the members the tax cases involving the years 1962 through 1966 and 1967 to 1969. A motion for rehearing has been filed in connection with 1966. Consent forms have been executed for the IRS for 1967 to 1969.

Mr. Woolvin Patten's bill was presented to the committee and discussed. Mr. Stogin is to write to Mr. Patten as to a break down of the time spent on the 1962 to 1966 cases after checking with Mr. Thomson. He is to advise Mr. Friedman on the matter and report back at the June Executive Committee meeting before paying the bill.

The members were advised of a subpoena duces tecum served on Mr. Stogin for the production of the stock transfer records for the period beginning September, 1970 to date. He is working with Mr. Friedman in responding since Westgate has received inquiries also.

The matter of Fendler vs. Westgate, et al. was raised by Mr. Stogin and he read a letter received from Mr. Brenner regarding representation of the company. Mr. Toft commented on the case and a discussion then took place. Mr. Stogin was instructed to write to Mr. Brenner declining his offer to represent Golconda. Mr. Stogin is to attend a meeting of attorneys for defendants in this case. Mr. Toft will advise him of the time and place.

Copies of the S-8 Registration Statement which will be filed Friday, May 26, were distributed to the members.

Mr. Stogin reported the results of the reconvened annual meeting pointing out that the amendment to the Articles of Incorporation had been approved.

Mr. Stogin advised the members that he has written and talked to the S.E.C. and a letter will be forthcoming regarding the purchase of preferred and/or debentures of the company. A discussion then took place as to the mechanics of the purchase after it is approved by the S.E.C.

Mr. Stogin reported that he had submitted to the S.E.C. a request in connection with the use of stock as gift incentives by Mr. Sloma. No response has yet been received on that matter.

#### Acquisition Program - R.S. Sloma

Mr. Sloma presented his proposal regarding Anderson Copper & Brass Co. A brochure had been previously supplied to the members and a complete discussion then took place regarding the company and the possible method of acquisition. Mr. Sloma was authorized to proceed with negotiations subject to the usual audit and legal review and approval by the Board of Directors. Mr. Sloma next presented a status report on the various companies which are or have been under consideration since the last meeting.

#### Alice/Hecla Agreement - H. F. Magnuson

Mr. Magnuson reported on an informal meeting between Alice Consolidated and a representative of Hecla regarding the existing agreement. He pointed out that once again Hecla was advised to proceed with the Alice agreement as it now stands. Mr. Smith asked various questions about the operations of Alice Consolidated and requested that an annual report be distributed.

Mr. Smith called to the attention of the members that Mr. Magnuson has been honored for "distinguished professional achievement" at commencement ceremonies at Idaho State University. Mr. Magnuson was congratulated by those present. Mr. Smith also advised the members that Mr. Dunn has been named Chairman of the Finance Committee of Ozark Airlines. The members congratulated Mr. Dunn on this appointment.

#### Bastian-Blessing, Inc.

Mr. Smith indicated there was nothing further to consider under this topic at this time.

LS 002159

### Meeting Schedules

The following schedule was established for meetings in the months of June, July and August.

June 28	Executive Committee Meeting	Chicago
July 26	Executive Committee Meeting	San Francisco
July 27	Board of Directors Meeting	San Francisco
August 23	Executive Committee Meeting	Coeur d'Alene

There being no further business to come before the committee, Mr. Magnuson moved, Mr. Dunn seconded and it was unanimously agreed to adjourn. The meeting was adjourned at 4:00 p.m.

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Secretary

APPROVED:

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Chairman

LS 002160



EXECUTIVE COMMITTEE MEETING  
June 28, 1972

LS 002161

MINUTES OF MEETING  
OF THE  
EXECUTIVE COMMITTEE  
OF  
GOLCONDA CORPORATION

A meeting of the Executive Committee of Golconda Corporation was held on Wednesday, June 28, 1972 at 10:00 a.m. at the company offices located at 4201 West Peterson Avenue, Chicago, Illinois. The following members were present:

Ray M. Dunn  
H. F. Magnuson  
Richard S. Sloma  
Gordon Paul Smith  
Donald W. Adams, ex officio  
J. M. Stogin, ex officio

Mr. Philip A. Toft was absent, present as guests were: R. R. DelPresto, J. T. Persinger and R. H. Watson. A quorum being present, the Chairman, Mr. Gordon Paul Smith, called the meeting to order at 10:10 a.m.

The first order of business was the approval of the minutes of the Executive Committee meeting of May 24, 1972. The minutes, having been previously distributed to the members, were unanimously approved. The meeting next proceeded to a report on operations.

Pioneer Astro - J. T. Persinger

Mr. Persinger distributed various reports which were the subjects of substantial discussions. Order intake remains a problem at Pioneer. After considerable discussion, Mr. Dunn asked where the decision point regarding Pioneer is. Mr. Sloma responded that he would have the answer next month.

Bastian-Blessing, Inc. - R. R. DelPresto

Mr. DelPresto distributed a mid-month forecast for June, 1972 which included projections for July and the third quarter. Figures indicate that the division is on the recovery track as planned. The June forecast will be met and the outlook is good. The members discussed the McDonald's business and its importance to the division. There followed a general discussion of marketing programs. Mr. Smith commended Mr. DelPresto for the results which he has achieved thus far.

RegO - R. S. Sloma

Mr. Sloma presented data to the members covering operations thru the end of May and forecasts for June, July, and August.

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He pointed out that the June and July sales forecasts have been reduced. Certain problems have been encountered but they are being dealt with. He predicted that the order intake levels will hold and that despite the lower forecast for June and July sales, there will be no profit erosion. He indicated that inventories have moved up. In response to a question from Mr. Smith as to the results which have been experienced with the Zefex line, Mr. Sloma reported that it was doing very well and was meeting profit goals.

Various members indicated an interest in the availability of the 1973 profit plan for Bastian-Blessing, Inc. Mr. Sloma said that the plan would be ready for presentation by October 1, 1972.

Labor Relations - R. H. Watson

Mr. Watson reported on the union activities as follows: Grand Haven: quiet and productive; Pioneer Astro: an initial organizational effort was made by the IAM who passed out standard union literature; RegO: no union activity; work is progressing on the development program. Mr. Watson distributed an Asset/Liability analysis which was discussed. He also described efforts in the manpower planning area.

Corporate and Financial Matters - D. W. Adams

Mr. Adams presented the June mid-month forecast, including forecasts for each of the months in the third quarter. These reports were discussed as was the subject of change in the gross margins. It was agreed that future comparisons in financial reports would refer to the revised plan as the base. Mr. Smith read for the members the copy for the second quarter report to the shareholders. Mr. Adams reported on a Controller's Conference which was held recently with the various division controllers and described the subjects covered. The members were advised of the discussions currently taking place with respect to the bill for audit fees which was received from Alexander Grant & Co.

The meeting adjourned for lunch at 12:30 p.m. and reconvened at 1:05 p.m. without Messrs. DelPresto, Persinger and Watson.

Legal Matters - J. M. Stogin

Mr. Stogin discussed with the members the latest developments in the Fendler case. He also reviewed the status of the tax

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case now pending. At this time, a discussion was entered into, once again, regarding Mr. Patten's bill for the tax case. Messrs. Stogin and Magnuson are to try to resolve this issue.

Mr. Smith pointed out the need for coordinating all legal activity outside the company. It was agreed that all outside legal services are to be coordinated through Mr. Stogin and that he is to retain outside counsel where necessary.

The need for resolutions relating to security matters was presented by Mr. Stogin and, after discussion, the resolution attached as Exhibit A was unanimously adopted.

Mr. Stogin reported that the SEC has declined the granting of an exemption from registration provisions of the Securities Acts for the proposed bonus stock awards. Mr. Stogin is to counsel further with Mr. Sloma to see what the possible alternatives might be. Mr. Stogin reported on the further comments which the SEC had on the S-8 monthly investment plan. He is resolving certain questions with Mr. Friedman before filing another amendment to the plan.

The status of the purchase of preferred shares and debentures was reported as follows: 1,038 shares of preferred at an average price of \$12.99, and \$5,000. face amount of debentures at a unit price of 81.

Mr. Stogin left the meeting at 2:10 p.m. Mr. Adams acted as Secretary for the rest of the meeting.

Acquisitions -

Presentation of the Acquisition Program was made by R. S. Sloma. Items discussed were as follows:

- 1) Our review of Kerotest, subsidiary of Control Data, resulted in Control Data representatives rejecting our proposal of a price at something substantially less than book value. Mr. Sloma believed that this rejection may not be final.
- 2) Anderson Copper & Brass - basically, we were awaiting a reply from Robert M. Anderson, the company's president. Our current offer was \$1,375,000, plus a contract to Mr. Anderson at \$40,000 a year for three years. Indication was that the company had a competing offer of \$1,750,000.

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- 3) M & M Flow Products - \$250,000 annual sales volume. Interest is in regard to company's product line, which is high pressure needle valves. A description of the operation and future marketing direction was presented by J. W. Hasselbring, Marketing Manager at RegO.

RegO-Europe

Mr. R. S. Sloma discussed the formation and purpose of RegO-Europe. In addition, Mr. Sloma discussed the results of his European trip as they related to the restructuring of RegO's agreement with Messengers and our licensing agreement with Stefi. An offer has been extended to an ex-ITT Marketing man to serve as Managing Director of RegO-Europe.

Excess Properties -

Mr. G. P. Smith indicated that the company was in the process of receiving a proposal from Gould for approximately 1/2 of its space on Bryn Mawr Avenue. In addition, the Los Angeles plant owned by Pioneer Astro Metallics has been cleared for sale and such sale should be consummated the first week in July.

Mr. R. S. Sloma has been assigned the responsibility of determining what portion of the Rogers Avenue property should be considered excess, in conjunction with the 1973 profit plan.

Mr. H. F. Magnuson indicated that Golconda Mining holdings are limited to mining claims, carried at a valuation of \$1.00. The claims are both patented and unpatented and, in Mr. Magnuson's view, liquidation should be postponed.

Finally, Mr. Smith indicated that J. M. Stogin has been assigned overall corporate responsibility for disposing of all excess properties.

Investment Portfolio -

Mr. G. P. Smith proposed the sale of approximately 50,000 shares of Hecla before the end of the third quarter, 1972. Mr. Smith distributed two schedules reflecting the impact such sales might have on the company's earnings. At the conclusion of discussing the two schedules, Mr. Smith was authorized to discuss the proposal with Mr. C. Arnholt Smith.

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Investors Relations Program -

Mr. G. P. Smith indicated, in his view, it would be prudent for the company to begin an accelerated Investors Relations Program in the month of August. The program, as outlined by Mr. Smith, would comply completely with all SEC regulations. As part of the program, he would be meeting with financial analysts. The Executive Committee agreed that we should engage, as a part of the program, a financial public relations firm.

Finally, the proposal was made, beginning with the October Board meeting, guests would be invited to luncheons following each Board and Executive Committee meeting. The guests would include customers and investment community representatives.

Alice Consolidated -

Mr. H. F. Magnuson reported on our relations with Hecla in regard to the Alice Consolidate contract. Hecla is extremely desirous of an extension of the contract and does not appear to be too enthusiastic with regard to proceeding with the current contract. However, Golconda has requested Hecla to proceed with the contract as it is presently stated.

The meeting then proceeded into an executive session regarding Personnel matters and Mr. Adams was excused.

The meeting was adjourned at 3:45 p.m.

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J. M. Stogin, Secretary

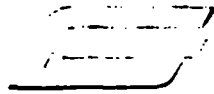
APPROVED:

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G. P. Smith, Chairman

Attachment

LS 002166



**GOLCONDA CORPORATION**  
4201 WEST PETERSON AVENUE • CHICAGO, ILLINOIS 60646

EXHIBIT A

312/685-1121

### EXCLUSION OF PARENT CORPORATION

WHEREAS, it has been brought to the attention of the Board of Directors of Golconda Corporation that its subsidiary Bastian-Blessing, Inc. is from time to time being called upon to perform work for User Agencies of the United States of America, involving the possession by said subsidiary and its use of classified information; and

WHEREAS, it is necessary for such subsidiary corporation to obtain industrial security clearance as a prerequisite to being permitted to possess and use such information; and

WHEREAS, one of the requirements for the issuance of such industrial security clearance is the obtaining by parent corporation of an industrial security clearance of equal or higher classification, or, in the alternative, the adoption by the Board of Directors of such parent corporation of a resolution denying the members of its Board of Directors, officers, employees and agents, all access to classified information in the possession of its subsidiary corporation; and

WHEREAS, at a meeting of the Board of Directors held on April 21, 1972 the following resolution was adopted:

"RESOLVED, that the Executive Committee of Golconda Corporation has full authority to act with regard to all matters involving the security of classified information in the possession of the organization."

NOW, THEREFORE, BE IT RESOLVED, that Golconda Corporation, it's Directors, Officers, employees or agents, as such, shall be excluded from access to all classified information in the possession of Bastian-Blessing, Inc. This action of the Board is being taken for the purpose of exempting the Board of Directors, the officers, employees and agents of Golconda Corporation from the necessity of industrial security clearance pursuant to the provisions of the Industrial Security Regulation.

IT IS FURTHER RESOLVED, that the subsidiary corporation Bastian-Blessing, Inc. is hereby delegated full authority to act completely independent of Golconda Corporation in all matters which involve or relate to the subsidiary's responsibility to safeguard classified information.

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EXECUTIVE COMMITTEE MEETING

July 26, 1972

LS 002168



MINUTES OF MEETING  
OF THE  
EXECUTIVE COMMITTEE .  
OF  
GOLCONDA CORPORATION

A meeting of the Executive Committee of Golconda Corporation was held on Wednesday, July 26, 1972, at 10:00 AM, at the Fairmont Hotel, San Francisco, California. The following members were present:

R. M. Dunn  
H. F. Magnuson  
R. S. Sloma  
G. P. Smith  
P. A. Toft  
D. W. Adams, ex officio  
J. M. Stogin, ex officio

The Chairman, Mr. Gordon P. Smith, called the meeting to order at 10:00 AM. The Minutes of the Executive Committee meeting of June 28, 1972, having been previously distributed to the members and reviewed by them, were unanimously approved.

Bastian-Blessing, Inc. - Richard S. Sloma

Mr. Sloma reported on the June actual results for each of the divisions and the outlook for the month of July and distributed various reports and data thereon. For Bastian-Blessing, Inc., as a whole, Mr. Sloma reported that the run-out for the year and profit forecast is still valid.

Pioneer-Astro:

Order intake continues to be a problem at this division. The order intake as a result of the M/R Program, however, is improving. The backlog for the division was reviewed and it is anticipated that the loss of \$14,000 contained in the runout of this division will be exceeded; the amount not yet determined.

Bastian-Blessing:

Mr. Sloma reported that the Bastian-Blessing division as of late July has recouped all of the losses experienced earlier in the year. The division is now operating in the black on a year-to-date basis. He reported that problems still exist but none are crippling and they are being worked on. Inventory reporting is improving and there is greater reliability in the data. June's product mix was not as favorable as expected but the profit level was achieved. Cash flow continues to be a nagging problem. A general discussion took place regarding the efforts being made to improve collections. Mr. Sloma indicated that the trend of operating results at Grand Haven is on the right track.

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RegO:

Mr. Sloma reported that the July forecast has been decreased and that the current situation is symptomatic of a number of problems arising from, among other things, the computer, systems disciplines, piece parts inventory shortages, lack of followup on purchased items and the July vacation shutdown. He reported that the outlook for August is favorable and that the profit shortage in July will be recovered in August. Order intake for July was better than planned. He went on to describe the new operations organization at RegO and the special project of inventorying piece parts and the control system therefore.

Mr. Sloma described a price increase which is going into effect for the RegO division in compliance with all Price Commission requirements.

Personnel Matters:

Mr. Sloma reported that the ERDEV Program is proceeding as planned.

Golconda Mining Corporation: - H. F. Magnuson

Mr. Magnuson reported on the discussions which have taken place with Hecla concerning the Alice Consolidated Hecla Agreement. Mr. Dunn asked what options were available and a substantial discussion took place as to the alternative of keeping the agreement as it is vs. modifying the agreement to grant Hecla additional time. Mr. Magnuson reported that it looks as though the silver market has turned since the price has shown strength and has been rising.

Corporate and Financial Matters - D. W. Adams

Mr. Adams distributed to the members the July Mid-Month forecast. He pointed out that the sale of certain California property of Pioneer-Astro Metallics was not included in the mid-month forecast financial results but that it should add approximately one cent per share to the results. Mr. G. P. Smith commented on the per share outlook for 1972-1973. He also commented on June corporate expense. The subject of high accounts payable levels was discussed with Mr. Adams pointing out it was basically a result of high RegO material input.

Mr. Smith stated that he wants to avoid any unfavorable image which might result if the company should be slow in its payments of accounts.

The meeting adjourned for lunch at 12:07 PM and reconvened at 12:59 PM.

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#### Legal Matters - J. M. Stogin

Mr. Stogin discussed with the members the status of the Fendler case and the SEC investigation. He reviewed with the members the sale of the California real estate and the status of the Rogers Avenue property and the Bryn Mawr Avenue lease.

In addition, he reviewed items to be presented to the Board tomorrow regarding the S-8 registration and certain lost certificate resolutions.

#### Preferred Debenture Purchase - Gordon P. Smith

Mr. Smith reported that 3,133 shares of preferred stock have been purchased at an average cost of \$12.98 per share, including the cost of the transaction. \$16,000 face amount of debentures were purchased at an average of 81.33. Mr. Smith commented on the difficulty of the Illinois Company assembling a block of debentures totaling \$250,000. After the members participated in a discussion, Mr. Toft urged that purchases be concentrated on the bonds in preference to the preferred shares.

#### Sale of Hecla Shares - Gordon P. Smith

Mr. Smith reported that 9,700 shares of Hecla stock have been sold. A general discussion ensued as to the 30 day limitation contained in the agreement with Hecla and the expiration of that agreement on August 15, 1972. Mr. Magnuson discussed the possibility of stretching out the future sale of Hecla shares over the balance of the year rather than trying to complete the sale by August 31, 1972. Mr. Smith commented on the reasons behind the desire to complete the sale in the third quarter.

#### Investor Relations Program: Gordon P. Smith

Mr. Smith reported on the engagement of the Financial Relations Board, Inc. for the purpose of assisting us in our Investor Relations Program. He read the objectives as proposed by the Financial Relations Board and the basic agreement. Mr. Toft raised various questions for clarification. The report was favorably received by the members.

#### Listing Applications - Gordon P. Smith

Mr. Smith suggested that the time was appropriate to recommend to the Board at tomorrow's meeting that the Company activate efforts to seek listing on the American and Midwest Stock Exchanges. This recommendation was moved by Mr. Dunn, seconded by Mr. Magnuson, and unanimously approved.

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## Audit Costs - Gordon P. Smith

Mr. Smith reported on the results of his meeting with representatives of Alexander Grant & Co. regarding the costs of audits. The original estimate for 1971 was for an audit fee of \$48,000 with a possible 10% overage as a maximum. The bill submitted by Alexander Grant & Co. was in the excess of \$75,000. After negotiations, the fee was reduced to \$60,000 and that amount was paid as settlement. An agreement was reached that the 1972 fee would be in the range of \$45,000 - \$50,000.

## Acquisition Activities - Richard S. Sloma

### Anderson Copper & Brass Company:

Mr. Sloma described the final terms arrived at for the purchase of Anderson Copper & Brass Co. He reviewed his plans for integrating the operations.

### M & M Flow Products Company:

Mr. Sloma described the operations of M & M and the terms of purchase of the assets of that company. This operation will be moved to Pioneer and should help in removing the losses experienced at Pioneer.

### Delta, Inc.:

Mr. Sloma described the products of this company and Mr. Dunn gave some of the background. Mr. Sloma asked for an expression from the other members as to the suitability of Delta as an acquisition. Mr. Toft indicated a "no" at the present time and the others concurred.

### RegO Europe:

This project is proceeding according to plan, stated Mr. Sloma and he is in the process of recruiting a manager.

### Far East Project:

Mr. Sloma described the market potentials in the Far East. He elaborated upon his thoughts for a possible Far East operation.

## General Matters - Gordon P. Smith

Mr. Smith asked for the members general comments regarding possible improvements in any areas. There was a consensus among the members that the company was moving very fast and they expressed concern about possibly overloading Mr. Sloma. The members made various suggestions in this regard. No negative

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inferences were made but it was stated that this was an area to watch.

The next meeting of the Executive Committee will be held in Coeur d' Alene, Idaho. Mr. Magnuson will make all hotel arrangements in Coeur d'Alene.

The September meeting of the Committee will be held on the 27th at the Grand Haven, Michigan office.

The meeting was adjourned at 3:33 PM.

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Secretary

APPROVED:

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Chairman

LS 002173

MINUTES OF MEETING  
OF THE  
BOARD OF DIRECTORS  
OF  
GOLCONDA CORPORATION

A meeting of the Board of Directors of Golconda Corporation was held on Thursday, July 27, 1972, at 10:00 AM, at the Fairmont Hotel, San Francisco, California. The following members were present:

C. Arnholt Smith  
G. P. Smith  
D. L. Brenner  
M. F. Drinkhouse  
R. M. Dunn  
W. Featherstone  
H. F. Magnuson  
A. D. Martin  
P. A. Toft  
R. S. Sloma

Mr. Walter L. Sly did not attend.

Present as guests: D. W. Adams, J. M. Stogin, and C. Hugh Friedman.

Mr. C. A. Smith, Chairman, called the meeting to order at 10:00 AM. The Minutes of the April 21, 1972 meeting of the Board, having previously been distributed to the members and reviewed by them, were moved for adoption by Mr. Magnuson, seconded by Mr. Brenner, and unanimously adopted.

President's Report - Gordon P. Smith

Mr. Gordon P. Smith presented the report of the President. He recapped the ideals and purposes of Golconda. He discussed the progress which has been made in the attainment of the ideals and purposes. He pointed out the expected improvement in earnings per share. He commented on the fact that the RegO Division is strong, the Bastian-Blessing Division in Grand Haven has been turned around, Pioneer-Astro is on the threshold of a profitable operation, and Corporate expenses have been reduced. Improved management of assets has taken place with the acquisition of Anderson Copper & Brass Company and M & M Flow Products. Some of the excess property has been sold as well as a limited amount of Hecla stock. He commented that the quality of the products and operations has improved. There is good organizational team work and a favorable employee environment. Planning for growth and expansion, both internally and externally, is taking place. The prestige and image of Golconda is improving and the communications program regarding Golconda is being undertaken.

The company should experience the full benefit of the Corporate expense reduction, the sale of the Hecla shares, and the utilization of proceeds in 1973. The profit plan for 1973 should be ready by October 1, 1972. At the conclusion of the President's report, the Chair entertained questions. Various questions were presented by the members to which Mr. G. P. Smith responded and the report was favorably received.

Operations of Bastian-Blessing, Inc. - R. S. Sloma

Mr. Sloma presented the seven month results for Bastian-Blessing, Inc. He pointed out that Bastian has achieved the fifth consecutive profit month. He stated that RegO had experienced certain problems in June and July, but that these were problems associated with growth and the effect of the establishment of the RegO Distribution Center. Bastian-Blessing at Grand Haven is harvesting the results of prior efforts initiated by Roland Pellegrini and the follow-on efforts of R. R. DelPresto. Pioneer-Astro is experiencing an increase in its backlog and the manufacturers representative setup is paying off. In response to a question from the Chairman, Mr. Sloma described the new products being brought into Pioneer from M & M Flow Products. He forecast a Pioneer profit in July. Mr. Sloma briefly touched on the Anderson Copper & Brass acquisition which he more fully described later in the meeting. He also reviewed certain organizational revisions which have taken place at RegO and Pioneer. He responded to various questions from the members, including past due items and the effect of the shutdown for vacations.

Golconda Mining Corporation - W. Featherstone

Mr. Featherstone reported that Golconda is now doing field work on unpatented claims. He mentioned that new Federal laws may possibly come into effect regarding the requirements for working claims. He described for the members prospecting methods used and pointed out that they are especially ecology oriented. In response to a question from the Chairman regarding the acreage involved in the claims, Mr. Featherstone stated that approximately 3600 acres are involved. The Chairman asked if fee ownership could be obtained if the claims are worked. Mr. Featherstone replied "yes" if certain conditions are met, but this is likely to change in the future as a result of new laws. Mr. Featherstone discussed the status of the metal market for lead, zinc, copper, and especially silver. Mr. C. A. Smith asked what the inventory position of silver was. Mr. Featherstone replied that the picture is clouded and Mr. Magnuson commented that the certified warehouse stock is declining. Mr. Featherstone reported on Hecla operations and the benefit which they will realize from increased market prices for silver. He mentioned the effect of the Sunshine Mine disaster on Hecla. He described briefly the Lakeshore property as being a

good thing for Hecla but most certainly a money drain. Alice Consolidated Mines was next discussed. Mr. Featherstone described the exploration pointing out that it was in a favorable area. Hecla has requested a modification extending the time for certain work to be performed under the Agreement. It was recommended by Mr. Featherstone that we agree to that modification. Mr. Gordon P. Smith and Mr. H. F. Magnuson both commented at length on this matter. It was agreed that the time for Hecla's performance be extended.

Corporate and Financial Matters - D. W. Adams

Mr. Adams pointed out that the Company is currently near peak requirements for cash due to inventory needs. This should reverse itself in the coming months. He described his plans covering the cash requirements occasioned by the acquisition of the Anderson Copper & Brass Company. He mentioned that currently the Company has \$700,000 in certificates of deposit vs. \$1.1 million earlier. He reported that accounts payable have shown an improvement, especially at Grand Haven. Responding to a question from the Chair, Mr. Adams stated that discounts are being taken. Accounts Receivable have shown an increase and are receiving attention. Mr. Adams pointed out the need for resolutions to establish a bank account with the U. S. National Bank in San Diego. It was moved by Mr. Magnuson, seconded by Mr. Dunn, and unanimously approved that the following resolutions be adopted.

RESOLVED: That this organization establish in its name one or more deposit accounts with UNITED STATES NATIONAL BANK ("Bank") that the President and Secretary of this organization be and they are hereby authorized to establish such accounts upon such terms and conditions as may be agreed upon with Bank, and that funds from said accounts may be withdrawn on checks or drafts of the organization signed by any two of the following persons:

\*(Over \$1,000 - any two signatures, all others - one signature)

1. Gordon P. Smith, President & Chief Executive Officer.
2. Richard S. Sloma, Vice President
3. J. M. Stogin, Vice President - Secretary.
4. Donald W. Adams, Vice President - Treasurer

FURTHER RESOLVED: That Bank is hereby authorized to honor and pay any and all checks and drafts signed as provided herein, including those drawn or endorsed to the individual order of any officer or other person authorized to sign the same.

FURTHER RESOLVED: That the authority hereby conferred shall remain in force until written notice of the revocation thereof, signed by the officers of this organization thereunto duly authorized by its governing body, shall have been accepted by an officer of Bank at the office at which such account is being kept, and that the certification of the Secretary of this organization as to the signatures of the above named persons shall be binding on this organization.

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Mr. Adams distributed the July Mid-Month forecast and data through the end of September. He pointed out that this information did not include the effect of the Anderson and M & M acquisitions. Overall operations are following the runoff forecast. The distributed material was discussed at length.

Legal Matters - J. M. Stogin

Mr. Stogin reviewed the sale of the California real estate and the status of the Rogers Avenue property and the Bryn Mawr Avenue lease. He presented to the Board the necessity for resolutions in connection with lost certificates. The following resolution was adopted:

RESOLVED: That the Central National Bank in Chicago is authorized to accept the affidavits and indemnity bonds and replace the lost certificates numbers C2349 through C2357, each representing 100 shares of Common stock of Golconda Corporation.

In order to avoid the necessity of passing on each individual request in regard to lost certificates, the following resolution was unanimously adopted:

RESOLVED: That the Central National Bank in Chicago, Transfer Agent and Registrar for the Common stock of this Corporation, be and they are hereby authorized and directed on the basis of an Affidavit of Loss and a Surety Company Open Penalty Bond of Indemnity in which this Corporation is named as an Obligee, in form satisfactory to them in each instance, to issue and register, respectively, from time to time, a new certificate or certificates of Common stock of this Corporation to replace a certificate or certificates reported lost, stolen, or destroyed, without further action or approval by or on behalf of this Corporation. This authority shall be limited, in each instance, to 2,000 shares for each holder(s) of record.

The Corporation, having moved its offices to 4201 West Peterson Avenue, must file a change of registered agent. The following resolution was resolved:

RESOLVED: That the registered office of Golconda Corporation is hereby changed to 4201 West Peterson Avenue, Chicago, Illinois. The address of the business office of its registered agent shall likewise be the same.

The relocation of the corporate office necessitates a more convenient banking location for the handling of petty cash. The Board authorized the adoption of the bank resolution for a Petty Cash Account in the form attached hereto as an Exhibit.

Mr. Stogin reported on the status of the tax case involving accumulated surplus.

In connection with the S-8 registration, Mr. Stogin pointed out that the SEC had, once again, raised the issue of "control" of Golconda by Westgate. Mr. Stogin stated that he had asked

Mr. Friedman to prepare, for presentation to the Board, a review of the legal aspects of control and the factors tending to indicate control or noncontrol. Mr. Friedman proceeded with his presentation to the members. After substantial discussion by all of the members present, the Chair entertained a motion on the subject. It was moved by Mr. Magnuson, seconded by Mr. Dunn, and unanimously approved:

WHEREAS: Westgate-California Corporation has continued to make purchases of the Common stock of Golconda Corporation and has four mutual directors with Golconda. It is hereby recognized that, although Westgate has not actually controlled Golconda, it may have the ability to control Golconda and, thus, may be deemed a parent of Golconda.

#### Preferred/Debentures Purchased - Gordon P. Smith

Mr. Smith reported that there is a new ruling as to the dollar value of debentures which could be purchased on any one day, raising the minimum to \$10,000. He reported on the difficulty of the Illinois Company assembling a block of \$250,000 worth of debentures. Mr. Adams reported on the number of shares and debentures purchased and the dollar amounts involved.

#### Sale of Hecla Shares - Gordon P. Smith

Mr. Smith reported that the first sale of Hecla shares took place on July 6, 1972, and he described the limitations of the agreement with Hecla and stated that we were complying with the restrictions of the Hecla Agreement. It was moved by Mr. Magnuson, seconded by Mr. Drinkhouse, and unanimously approved that the company proceed with the program to dispose of the Hecla shares.

#### Investors Relations Program - Gordon P. Smith

Mr. Smith reported on the engagement of the Financial Relations Board, Inc. for the purpose of assisting us in our Investor Relations Program. He read the objectives as proposed by the Financial Relations Board and the basic agreement. The Chairman suggested that the smaller securities houses be included in the program.

#### Listing Applications: American & Mid-West Stock Exchanges - G. P. Smith

Mr. G. P. Smith reviewed the status of listing applications. Mr. C. A. Smith made various comments regarding the appropriateness of the timing for seeking listing. The Chair entertained a motion for proceeding with the listing. The following resolution was unanimously adopted:

WHEREAS: The Board of Directors of Golconda has previously authorized the seeking of listings on the American and Midwest Stock Exchanges, and

WHEREAS: Authority has previously been granted for this purpose, Therefore

BE IT RESOLVED: That the Board of Directors authorizes the President and such other officers of Golconda as may be necessary, to proceed to meet with the officials of the American and Midwest Stock Exchanges for the purpose of furthering listing thereon.

Acquisition Activities - Richard S. Sloma

Anderson Copper & Brass Company:

Mr. Sloma described the final terms arrived at for the purchase of Anderson Copper & Brass Co. He reviewed his plans for integrating the operations.

M & M Flow Products Company:

Mr. Sloma described the operations of M & M and the terms of purchase of the assets of that company. This operation will be moved to Pioneer and should help in removing the losses experienced at Pioneer.

RegO Europe - Richard S. Sloma

Mr. Sloma stated that this project was proceeding according to plan and that a final agreement is being resolved. A separate profit center has been established and a manager is being recruited.

Other Matters:

Audit Fee - Gordon P. Smith

Mr. Smith reported on the settlement arrived at with Alexander Grant & Company covering the 1971 fee. He described the arrangements for the 1972 audit fee.

Walter L. Sly - Gordon P. Smith

Mr. Smith pointed out that Mr. Sly has recently had surgery performed and for that reason was unable to attend this meeting. The members unanimously adopted the following resolution:

WHEREAS: Walter L. Sly has long served as a director of Golconda, and

WHEREAS: The Board recognizes the valuable contributions he has made, Therefore

BE IT RESOLVED: The Board of Directors, in its entirety, extends to Walter L. Sly their heartfelt wishes for his speedy recovery and an early return to activity.

Management Development - Gordon P. Smith

Mr. Smith advised the members that efforts are being undertaken to insure that there are suitable candidates for runnerup selection in the various management positions of Golconda.

October Meeting of the Board -

It was agreed that the next meeting of the Board would be held in Chicago on October 26, 1972. It was suggested that on that day a luncheon be held and that certain key customers, members of the investment community, and the financial press be invited to meet the members and officers of Golconda. Mr. Dunn moved that the suggestion be adopted. This was seconded by Mr. Drinkhouse, and unanimously approved.

There being no further business to come before the Board, the meeting was adjourned at 1:56 PM.

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Secretary

APPROVED:

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Chairman

EXECUTIVE COMMITTEE MEETING  
AUGUST 23, 1972  
COEUR d'ALENE, IDAHO

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LS 002181

MINUTES OF MEETING  
OF THE  
EXECUTIVE COMMITTEE  
OF  
GOLCONDA CORPORATION

A meeting of the Executive Committee of Golconda Corporation was held on Wednesday, August 23, 1972, at 9:00 AM, at the North Shore Motor Lodge, Coeur d'Alene, Idaho. The following members were present:

Gordon P. Smith  
Ray M. Dunn  
H. F. Magnuson  
Richard S. Sloma  
Philip A. Toft  
Donald W. Adams, ex officio  
J. M. Stogin, ex officio

Guests were Walter L. Sly, Wray Featherstone, and Richard H. Watson.

All members being present, the Chairman, Gordon P. Smith, called the meeting to order at 9:00 AM. The Minutes of the Executive Committee Meeting of July 26, 1972, having been previously distributed to the members and reviewed by them, were unanimously approved.

Bastian-Blessing, Inc. Results - Richard S. Sloma

Pioneer-Astro Industries:

Order intake continues to be a nagging problem at Pioneer. Mr. Sloma distributed the mid-month forecast and reviewed the data for the members. He pointed out that M & M Flow Products was not included in the mid-month forecast. M & M has a backlog of \$80,000 and they are gearing up for production. September sales were estimated at \$20,000 to \$22,000 with profit of \$8,000. October estimated at \$25,000 to \$26,000 sales with \$10,000 profit. The second half backlog report was distributed and discussed as was the report of MR's and sale of surplus machinery. Mr. Sloma pointed out that the MR's had contributed \$125,000 in orders which would not have been received without the MR's. A substantial discussion ensued regarding profit forecast, depreciation charges, cash flow and the labor force.

Bastian-Blessing Division:

Mr. Sloma distributed the mid-month forecast for this division. He reported that profit should be coming in as expected. One cloud on the near horizon is the

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order intake. It is expected that order intake for August will be \$650,000 vs. a forecast of \$1,000,000. It is expected that September and October may be lower than forecast. This situation is being analyzed and the first impression is that it seems to be in the National Accounts group of customers. Mr. Sloma pointed out that the existing backlog should sustain this year's sales and profit even if order intake declines. Next year's projection has been reviewed and looks good.

Anderson Copper & Brass Company:

The forecast for Anderson was distributed and it was pointed out that this is not included in the total report. Mr. Adams discussed the accounting treatment of Anderson as a "purchase". Mr. Sloma described the planning efforts as being new at Anderson and pointed out that Mr. Watson is the man-on-the-scene preaching profit planning.

RegO Division:

In reviewing the data sheet which Mr. Sloma passed out, he pointed out that the August profit forecast of \$422,000 is a big question. He stated that changes have been initiated in response to some of the previously discussed problem areas but that the response to the changes is tardy. He pointed out that the third quarter forecast is still one cent ahead of the runout forecast and that the runout was still secure for the nine months and okay for the year also. As a result of the high order intake experienced by RegO, the Peterson Avenue facility faces the most severe operational test it has yet had to meet. Order intake is forecast at \$2,600,000 for August vs. \$1,600,000 last year. Based on the most recent data as of the meeting, August intake could hit 2.9 to 3 million dollars. Mr. Sloma described his plans for coping with the situation. He stated that backlog will approach 11 million dollars by August 31, 1972.

Golconda Mining Corporation - H. F. Magnuson

Mr. Magnuson reported that silver has moved up further in price since the last meeting. This factor should enhance the price of Hecla and the other Golconda Mining holdings. Messrs. Magnuson and Featherstone have met with Mr. Love of Hecla regarding the Lakeshore development. The Alice Consolidated/Hecla extension was executed and the press release issued. Mr. Magnuson reported that Hecla is in the final stages of preparing a modified agreement which would be submitted to Mr. Stogin and others for review. Mr. Featherstone is going to evaluate the efforts of the exploratory work done by Hecla under the Alice agreement.

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Corporate and Financial Matters - D. W. Adams

Mr. Adams distributed the mid-month forecasts and data through October, 1972, along with written comments. This material was reviewed and discussed. Mr. Gordon P. Smith asked Mr. Sloma if he could deliver the manufacturing profit runout figure (without specials) for this year. Mr. Sloma replied that he was still confident of its attainment.

Bastian-Blessing, Inc. Personnel Matters - R. H. Watson

In reporting on personnel matters, Mr. Watson pointed out that the 1973 profit plan will depend on continued non-union operations at RegO, and successful negotiations with the two unions at Grand Haven whose contracts are coming up for renewal. Union activity at the present time is in a quiet period. Meetings with the Carpenter's Union will begin in late September or early October. (Mr. Walter L. Sly joined the meeting at this point). Mr. Watson distributed the ERDEV report and reviewed the asset and liability analysis. He stated that he will capitalize on this study. Management succession charts were distributed, reviewed, and discussed. The report was favorably received and Mr. Gordon P. Smith commented on the importance of backup people. Mr. Watson pointed out that in the past year, there have been thirty promotions within the salaried group of 110 people. A report was issued showing the simplification of reporting in a recent organizational change at RegO.

Report on Legal Matters - J. M. Stogin

Tax Case:

Mr. Stogin reviewed the history of the accumulated surplus tax case. He then reported that the Motion for rehearing has been denied. Various options are still available before the tax matter is finally settled. These were discussed. Mr. Stogin recommended that, as a preventive measure, the capital needs and requirements of the company be quantified and put in writing. Mr. Adams is to prepare the supporting documents.

Fendler vs. Westgate, et. al.:

Mr. Stogin reported on the current status of this case pointing out that Golconda has still not been served.

S.E.C. Matters:

The private investigation of the SEC is still continuing but no further requests have been made of Golconda or its personnel. Based on developments so far, Mr. Friedman has advised Mr. Stogin that as of now it does not look as though Golconda has any exposure. Mr. Stogin reported



that Westgate had amended its 13-D filing and read the same to those present. Golconda has filed its 8-K on the same subject. A proposed revision on the S-8 reflecting the latest comments of the SEC and the control question was distributed, reviewed, and approved.

#### Real Estate:

Mr. Stogin reported that he had someone who was interested in the Rogers Avenue property but that nothing was being done pending the completion of the RegO study as to utilization of that property. Difficulties are still being experienced in attempting to sublease the Bryn Mawr office space. There is a possible tenant for part of the space, but this is only tentative. Nothing further has taken place with respect to the possible sale of the remaining California real estate.

#### Preferred/Debenture Purchase - Gordon P. Smith

Mr. Gordon P. Smith reported that 4,499 shares of preferred stock have been purchased to date, as well as \$140,000 face amount of debentures. The average cost per unit was \$13.04 for the preferred and \$840.77 for the debentures.

#### Sale of Hecla Shares - Gordon P. Smith

Mr. Gordon P. Smith reported that additional shares of Hecla have been sold but that it will not be possible to sell all of the agreed upon amount by August 31, 1972. However, 30,000 shares will be sold by November 30, 1972.

#### Investor Relations Program - Gordon P. Smith

This program is moving along. Mr. Smith reported on the meeting held with the Financial Relations Board in August. He reviewed the priorities which have been established. His report was favorably received.

#### Listing on the American and Midwest Stock Exchanges - Gordon P. Smith

Mr. Gordon P. Smith reported on the arrangements for the meeting at the American Stock Exchange, and the meeting itself which he and Mr. Stogin attended. He indicated that it is possible that we may be listed on the AMEX by late January, 1973. This report was favorably received by the members.

RegO Far East - Richard S. Sloma

Mr. Sloma distributed a report to the members and requested \$190,000 for investment. He stated that this would be the first investment and that no additional investment was anticipated. Mr. Dunn raised the question of foreign ownership problems in the Phillipines. It was decided that the Phillipines situation should be reviewed and reported back to the members by phone.

Acquisition Activities - Gordon P. Smith

Mr. Gordon P. Smith reviewed for the members the expected earnings outlook pointing out the importance of planning now for 1973 acquisitions and utilization of assets. Mr. Sloma spoke in support of Mr. Smith's program and expressed his opinion that the company was not moving too fast. He stated that current problems are growth problems and urged the Committee to move faster. This matter was discussed thoroughly. The program for acquisitions is to be presented at the September meeting of the Committee at which time the 1973 profit plan is to be ready.

Other Matters -

Monthly Report: Gordon P. Smith

Mr. Gordon P. Smith questioned Mr. Adams as to the timing for the availability of monthly reports. It was decided that reports are to be in the mail to the members by the Wednesday preceeding the meeting. The same is to hold true for all other reports such as mid-month forecast, etc.

Group Life Insurance: D. W. Adams

Mr. Adams reported on conversations which he has had with Messrs. Palmer, McDonald, and others. He described the All State proposals and plans if that proposal is adopted.

Next Meeting of the Executive Committee:

The September meeting of the Executive Committee was previously set for Grand Haven. The location has been changed to the Chicago offices. The meeting date remains September 27, 1972.

There being no further business to come before the meeting, the meeting was adjourned at 1:50 PM.

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Secretary

APPROVED:

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Chairman

LS 002186

MINUTES OF MEETING  
OF THE  
EXECUTIVE COMMITTEE  
OF  
GOLCONDA CORPORATION

A meeting of the Executive Committee of Golconda Corporation was held on Wednesday, September 27, 1972 at 9:00 A.M., at the Corporate Offices at 4201 West Peterson Avenue, Chicago, Illinois. The following members were present:

Gordon P. Smith  
Ray M. Dunn  
H. F. Magnuson  
Richard S. Sloma  
Philip A. Toft  
Donald W. Adams, ex officio  
J. M. Stogin, ex officio.

Present as guests were R. H. Watson, R. R. Del Presto, J. W. Hasselbring and Donald Ytterberg.

All members being present, the Chairman, Gordon P. Smith, called the meeting to order at 9:05 A.M. The Minutes of the Executive Committee meeting of August 23, 1972, having been previously distributed to the members and reviewed by them, were unanimously approved.

Bastian-Blessing, Inc. Results

Bastian-Blessing Division - R. R. Del Presto

Mr. Del Presto distributed the mid-month forecast for September, 1972. He reported that results were tracking on plan. The taking of the physical inventory has been completed and results are being awaited. Order intake remains as an item which should be watched. In response to a query from Mr. Dunn as to major customers, a discussion ensued on the topic. There was also a general discussion regarding variations and inventory and the method of accounting therefor. Mr. Smith commented on the progress which has taken place at Grand Haven.

RegO Division - R. S. Sloma

Mr. Sloma distributed the mid-month forecast and reviewed the information for the members. He pointed out that expected profits would be ahead of the September plan and that order intake was up. He commented also on inventories being up, cash flow down and accounts receivable up. As a result of the

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high level of order intake, backlog will be up again and efficiency will be sacrificed somewhat to meet shipments to customers. The efficiency level will be regained. Mr. Toft asked several questions regarding accounting methods in the RegO Division, to which Mr. Sloma and Mr. Adams responded. Mr. Dunn questioned the rise in accounts receivable, and Mr. Sloma stated that this matter was receiving close attention.

Anderson Copper and Brass Company - Donald Ytterberg

Mr. Sloma welcomed Anderson Copper & Brass to the meeting, and Mr. Ytterberg personally. Mr. Ytterberg stated that sales were solid and ahead of plan, and that profit was holding up. A general discussion about Anderson Copper & Brass followed.

Pioneer-Astro Industries Division - J. W. Hasselbring

Mr. Hasselbring distributed the mid-month forecast. He indicated a short-fall in total sales for September. Due primarily to items awaiting inspection of TRW. Accounts receivable was up, again a reflection of TRW. There was a brief discussion of the controllership function at Pioneer. Mr. Hasselbring stated that October would be a critical month, and that they are aiming for better forecasts and a higher level of credibility at Pioneer. The Teamsters' Union has made a mailing to certain employees in connection with a possible organizing effort. This matter was discussed. Mr. Smith posed the question as to steps being taken to build the business. Mr. Hasselbring responded that they were evaluating the pressure gauge, fluid power, printing press and nuclear markets. An initial order for Hughes aircraft has been received. The M/R program is being reviewed and analyzed. Mr. Hasselbring stated that he thought the concept was okay, but he questioned the manner of execution. Mr. Dunn commented on the level of direct labor vs. sales. Mr. Hasselbring distributed the backlog report and Mr. Sloma called attention to the fact that the trend has been reversed, compared to that of last year.

Bastian-Blessing, Inc. Personnel Matters - R. H. Watson

Mr. Watson reported on the status of personnel matters at the various Divisions. Negotiations at Grand Haven are to begin next week with the Carpenters' Union. He pointed out that this represents a real challenge and described a recent near wildcat strike which was avoided at Grand Haven. RegO is preparing for possible union efforts next Spring. Mr. Watson offered comments on the situation at Pioneer-Astro. Mr. Smith complimented Mr. Watson on the manual of personnel policies which was recently distributed.

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Messrs. Hasselbring, Ytterberg and Del Presto left the meeting.

Golconda Mining Corporation - H. F. Magnuson

Mr. Magnuson pointed out that the price of silver had shown a rise during July and August, but was down recently. Hecla is still negotiating a revision of their Arizona Contract. As a result of this, the possible revision of the Alice Consolidated Contract has been delayed. It is expected that within the next couple of weeks the revision will be available and will be sent to Mr. Stogin for review.

Report on Corporate and Financial Matters - D. W. Adams

Mr. Adams discussed for the benefit of the members data from the August report. He pointed out that accounts receivable were up at the Divisions, but no losses above those already provided for are expected. There was a shift in sales at Grand Haven from August to September, due to customers' requests. Cash is still tight and a line of credit will be used for the consummation of the Anderson Copper & Brass acquisition. Nine month sales were up with a profit even. There was a brief discussion about the Square Deal Mining investment. Mr. Adams then distributed the September mid-month forecast, and reviewed the same. Mr. Dunn raised the question of the tax case liability. Mr. Stogin reported on the matter and Mr. Toft recommended that the potential liability be booked this year, which suggestion was adopted. In response to a question from Mr. Dunn, Mr. Adams reviewed the various corporate expenses.

Legal Matters - J. M. Stogin

Mr. Stogin reported that the Amendment to the S-8 was filed on September 20, 1972. There have been no significant developments in the Fendler case or in the S.E.C. private investigation. He reported on the real estate matters: attempts were still being made to sublease the Bryn Mawr property (which was very difficult due to excess office space available); inquiries have been received about the sale of the Rogers Avenue property (which awaits Operations plans for that property); and, no action on the California property. It was the unanimous recommendation of the Committee that the California property be sold. Mr. Stogin reported that upon receipt of the proper consents the preferred dividend resolution would become effective for the regular quarterly dividend. He further advised the members that the shares of Golconda owned by Westgate are now in the name of Westco, and that he has been advised that beneficial ownership remains in Westgate. Mr. Stogin and Mr. Watson jointly commented on the investment of the monthly pension fund contribution - 75% in equities and 25% in fixed investments. The Committee concurred, after discussion, and recommended that the performance of the pension fund be reported to the Executive Committee prior to reporting to the Board quarterly.

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Preferred/Debenture Purchase - Gordon P. Smith

Mr. Smith reported that to date 5,811 shares of preferred stock has been purchased at a cost of \$75,786, for an average cost of \$13.04 per share. In addition, \$172,000 face amount of debentures have been purchased at a cost of \$146,275.46. Excluding interest, the average cost per debenture was \$841.44. Total expenditures thus far amount to \$222,061.51 against the authorized \$750,000.

Sale of Hecla Shares - Gordon P. Smith

Mr. Smith reported that to date approximately 29,000 shares of Hecla stock have been sold at an average price of \$17 plus.

The meeting recessed for lunch at 12:15 P.M., and reconvened at 1:00 P.M.

Investor Relations Program - Gordon P. Smith

Mr. Smith distributed to the meeting the third quarter earnings Press Release. This material was discussed. Mr. Smith further reported on the meetings with personnel of Financial Relations Board, Inc. He discussed the draft of the background report which had been prepared and stated that a final draft was due today. The quarterly report to shareholders is in the process of being prepared. Various meetings with the financial community, particularly analysts, will take place as follows:

October 10	-	Chicago
October 27	-	Detroit
November 10	-	Denver
Mid-November	-	San Francisco and Los Angeles
New York, Spokane (Seattle)	at	a future date.

There was a general discussion about the listing on the American Stock Exchange.

Acquisition Activities - R. S. Sloma

Mr. Sloma commented on the recent acquisition of M & M Flow Products and Anderson Copper & Brass. He reported on two potential candidates, Marshall Brass and Aquamatic.

1973 Profit Plan - Gordon P. Smith

Before reviewing the 1973 profit plan, Mr. Smith reviewed and commented for the members on progress to date.

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Bastian-Blessing, Inc. - R. S. Sloma

Mr. Sloma reviewed the earnings outlook for Bastian-Blessing, Inc. as contained in the plan for 1973, which earlier had been distributed to the members. He pointed out the large capital expenditures which are anticipated and the various plans for improvement. He stated that further management controls will be put in place at Grand Haven in 1973. Pioneer-Astro Industries will show the first profit since 1969. There were six major programs outlined in the booklet, which are not included in the profit plan itself for 1973. In response to Mr. Stogin's comment on the improved profit margins and the underlying assumption of continued economic controls, it was stated that margins would still be in compliance with such controls. The matter of financing for 1973 was discussed.

Golconda - Gordon P. Smith

Mr. Smith reviewed for the members the plan for Golconda Corporation as a whole, pointing out the significant areas of improvement envisioned by the plan in earnings and especially the earnings improvement which could be realized through the proper utilization of the Hecla investment. It was moved by Mr. Toft, seconded by Mr. Magnuson and unanimously agreed that the plan for 1973, as presented, be adopted. The Committee extended its compliments to all those who participated in the preparation of the plan.

Other Matters -

Mr. Dunn inquired as to the status of the Phillipines venture. He raised this question in light of current developments in the Phillipines. Mr. Sloma stated that it would take at least several months before any agreements are finalized. He intends to watch the situation closely. Alternatives are being developed, including possibly Taiwan and Hong Kong. Mr. Dunn suggested contacting the Phillipines desk at the State Department for information on the situation in the Phillipines. Mr. Smith requested that the Executive Committee be kept apprised of the picture.

Future Meetings -

The members were reminded of the special meeting on October 26, for which a luncheon invitation will be extended to various members of the business community. The next meeting of the Executive Committee will be held on October 25 at the Drake Hotel. That meeting will start at 9:00 A.M., as will all future meetings of the Executive Committee. The meeting previously

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scheduled for November 22, which is the day immediately before Thanksgiving, normally a time of heavy travel, was re-scheduled to November 29.

There being no further business to come before the Committee, the meeting was adjourned at 2:55 P.M.

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Secretary

APPROVED:

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Chairman



MINUTES OF MEETING  
OF THE  
EXECUTIVE COMMITTEE  
OF  
GOLCONDA CORPORATION

A meeting of the Executive Committee of Golconda Corporation was held on Wednesday, October 25, 1972 at 9:00 A.M., at the Corporate Offices at 4201 West Peterson Avenue, Chicago, Illinois. The following members were present:

Gordon P. Smith  
Ray M. Dunn  
H. F. Magnuson  
Richard S. Sloma  
Philip A. Toft  
Donald W. Adams, ex officio  
J. M. Stogin, ex officio.

Present as guests were R. H. Watson, R. R. Del Presto, J. W. Hasselbring and R. M. Anderson.

All members of the Executive Committee being present, the Chairman, Gordon P. Smith, called the meeting to order at 9:03 A.M. The Minutes of the Executive Committee meeting of September 27, 1972 were previously distributed to the members for review. The Minutes as submitted were unanimously approved.

Bastian-Blessing, Inc. Results

Bastian-Blessing Division - R. R. Del Presto

Mr. Del Presto distributed the mid-month forecast for October, 1972. He pointed out that there was a slight sales short fall in September due primarily to holdback on McDonald's. Profit, however, was on plan. He pointed out that for the year the division will be on forecast, based on the revision which was made in February. He reported that the 1973 plan has been submitted to management. Mr. Del Presto responded to questions from Mr. Dunn concerning September '72 vs. '71 profit/sales ratios. In response to Mr. Smith's question concerning the December forecast, Mr. Del Presto pointed out that the operation would practically be at a break even point at that time due to low shipments but not correspondingly lower production levels. Mr. Smith commented that this was still a great improvement over last December. A discussion followed concerning the results of the New York show. The marketing outlook for 1973 was summarized by Mr. Del Presto.

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Pioneer-Astro Industries Division - J. W. Hasselbring

Mr. Hasselbring distributed the mid-month forecast for October, pointing out that September was about on plan. It was noted that the October sales fall off is due to an Itek sale being shifted from October to next April. Mr. Hasselbring discussed M & M staffing for production, the Hughes Aircraft business, the M/R program and possible potential business in the printing equipment field. Mr. Hasselbring then advised the members that the Teamsters are making an attempt to organize the shop at Pioneer. A general discussion on the subject ensued. One of the items which was discussed was pensions. Mr. Smith requested Mr. Hasselbring and Mr. Adams to gather data on the cost of funding past and future service. Mr. Hasselbring was also asked to give a current assessment of the situation to the Board at tomorrow's meeting.

Anderson Copper and Brass Company - R. M. Anderson

Mr. Anderson distributed to the members the mid-month forecast, pointing out that the profit shown is after taxes. He offered general comments on the operation of Anderson.

RegO Division - R. S. Sloma

Mr. Sloma introduced the members of the RegO Executive Committee, Messrs. Tiffin, Heiden, Billington, Latz, O'Connor and McCoy. The mid-month forecast for October was distributed and discussed. Each of the gentlemen then reported on his area of responsibility.

The guests were excused at this point.

Bastian-Blessing, Inc. Personnel Matters - R. H. Watson

Mr. Watson reported on the preliminary talks being held with the Carpenters' Union at Grand Haven. He also reported that for the time being the pension investments are continuing with the 75% fixed guarantee. Employee benefits were discussed in general terms and Mr. Watson recommended that in the case of the Hourly Pension Plan (non-union) that the service credit which is now limited to 35 years be extended beyond that point. He stated that such a change would involve about 60 people. The Committee approved unanimously extending the service credit beyond 35 years, and authorized Mr. Watson to convey that information to the employees. The change is subject to I.R.S. approval, if required, and formal approval required of the Board. Mr. Watson then proceeded to

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present to the members various charts indicating the course of management changes in the past, pointing out the trend to a younger executive structure within the company.

#### Golconda Mining Corporation - H. F. Magnuson

Mr. Magnuson advised the members that the principal activity currently taking place is the negotiating of a revision to the Alice/Heccla Agreement. He said that the first draft had been completed and commented on by Mr. Stogin. A second draft is now being prepared. In response to a question, he discussed shareholder relations in the Golconda area, pointing out that they were quite amicable.

#### Annual Meeting - Gordon Paul Smith

Mr. Smith recommended that the Annual Meeting of Shareholders be held earlier than the latter part of April, when it would normally be held. In response to Mr. Smith's question, Mr. Adams stated that the financials for the Annual Report should be available by January 15. It was decided that it would be preferable to have the meeting in the first half of March. In determining a place for the meeting, Mr. Stogin is to analyze the distribution of shareholders geographically and make a recommendation as to location.

#### Compensation and Pension Committees

Mr. Smith suggested that the Compensation Committee meet before the fiscal year end to review the various compensation plans for 1973.

The meeting was recessed for lunch at 12:50, and was reconvened at 1:50 P.M.

#### Corporate and Financial Matters - D. W. Adams

Mr. Adams reviewed and discussed reserve accounting for the members. He pointed out that the level of accounts receivable continued to be a bothersome problem, that no losses are being created and that the present reserves for bad debts are adequate. He expects continued improvement in the over 60 day category. Mr. Adams submitted an analysis of cash flow. This information was reviewed, noting that manufacturing is meeting its own financing needs. A discussion of bank relationships followed, and it was decided to suggest to the Board of Directors at tomorrow's meeting a change in banks. Mr. Adams next presented the October mid-month forecast, along with comments. This was reviewed. The level of the sale of Heccla shares was discussed.

The pending income tax case matters were discussed at this point. Mr. Smith summarized the situation with respect to the income tax and Section 531 tax liabilities. A substantial discussion followed regarding the risks and rewards. It was decided

that it would be appropriate to appeal the decision in the 531 matter on the terms outlined by Woolvin Patten in his letter of October 10, 1972. This action is to be recommended to the Board for approval.

Legal Matters - J. M. Stogin

Mr. Stogin discussed the need for a resolution of the Board to authorize the use of the acquired debentures for the Sinking Fund. He read for the members a letter received from the Midwest Stock Exchange relative to listing thereon. The members unanimously agreed to recommend to the Board that no further action be taken to obtain a listing on the Midwest Stock Exchange. Work has begun on the Application to the American Stock Exchange for listing thereon. The Board will be requested to adopt a formal resolution on this matter. The S-8 Monthly Investment Plan has become effective and will be offered to the employees within the next week to 10 days. The company still has not been served in the Fendler case. The S.E.C. has not requested any further information from the company in connection with its investigation and Mr. Stogin reported that Mr. Friedman was appearing before the S.E.C. today to determine the status of the matter. There have been no changes in the real estate holdings. A Qualified Stock Option Plan draft has been submitted to Mr. Smith for review.

Acquisition Program - Gordon Paul Smith and R. S. Sloma

Mr. Sloma described the products and markets of Marshall Brass, a proposed acquisition. Mr. Sloma was granted permission to negotiate for the purchase of Marshall Brass for an amount not to exceed \$1,250,000, excluding real property. The purchase is to be subject to the following:

1. Verification of sales and profits.
2. Goodwill less than \$500,000.
3. An option to extend the lease to more than ten (10) years, and/or an option to purchase the property at a later date at a set price.
4. Non-competitive agreement with the sellers.
5. Continuation of purchasing and distribution relationships.  
(4 and 5 Alternate - Consulting Agreement).
6. Obtaining of all the rights to tangible property, such as, patents, trademarks, etc.
7. The giving of a non-negotiable note for part of

the purchase price, pending completion of audits.

8. Accounts receivable of Leggitt brought to a current basis.

9. The usual representations and warranties.

Mr. Dunn commented on the importance of having documents well in advance of the meeting for consideration. Mr. Smith recommended, and it was approved, that the members have proposals in their hands in time to permit at least two weeks study in connection with acquisitions. Mr. Sloma gave a brief description of a 1974 plan for the Committee.

Aquamatic. This project has been put on the shelf for now.

Seco. Mr. Sloma described the company and its potential and the task force that has been studying the possible acquisition of Seco.

Pressure Gauges - R. S. Sloma

The Committee approved capital expenditures for the pressure gauge project at Pioneer-Astro. Mr. Smith signed the formal request.

Messrs. Adams, Stogin and Watson were excused at 4:45 P.M. when the Committee went into executive session. During this time the reorganization involving Bastian-Blessing, Inc. was discussed and approved.

The next meeting of the Executive Committee will be held on November 29, 1972.

There being no further matters to come before the Committee, the meeting was adjourned at 5:20 P.M.

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Secretary

APPROVED:

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Chairman

MINUTES OF MEETING  
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Bastian-Blessing, Inc. Results

Bastian-Blessing Division - R. R. Del Presto

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Pioneer-Astro Industries Division - J. W. Hasselbring

Mr. Hasselbring distributed the mid-month forecast for October, pointing out that September was about on plan. It was noted that the October sales fall off is due to an Itek sale being shifted from October to next April. Mr. Hasselbring discussed M & M staffing for production, the Hughes Aircraft business, the M/R program and possible potential business in the printing equipment field. Mr. Hasselbring then advised the members that the Teamsters are making an attempt to organize the shop at Pioneer. A general discussion on the subject ensued. One of the items which was discussed was pensions. Mr. Smith requested Mr. Hasselbring and Mr. Adams to gather data on the cost of funding past and future service. Mr. Hasselbring was also asked to give a current assessment of the situation to the Board at tomorrow's meeting.

Anderson Copper and Brass Company - R. M. Anderson

Mr. Anderson distributed to the members the mid-month forecast, pointing out that the profit shown is after taxes. He offered general comments on the operation of Anderson.

RegO Division - R. S. Sloma

Mr. Sloma introduced the members of the RegO Executive Committee, Messrs. Tiffin, Heiden, Billington, Latz, O'Connor and McCoy. The mid-month forecast for October was distributed and discussed. Each of the gentlemen then reported on his area of responsibility.

The guests were excused at this point.

Bastian-Blessing, Inc. Personnel Matters - R. H. Watson

Mr. Watson reported on the preliminary talks being held with the Carpenters' Union at Grand Haven. He also reported that for the time being the pension investments are continuing with the 75% fixed guarantee. Employee benefits were discussed in general terms and Mr. Watson recommended that in the case of the Hourly Pension Plan (non-union) that the service credit which is now limited to 35 years be extended beyond that point. He stated that such a change would involve about 60 people. The Committee approved unanimously extending the service credit beyond 35 years, and authorized Mr. Watson to convey that information to the employees. The change is subject to I.R.S. approval, if required, and formal approval required of the Board. Mr. Watson then proceeded to

present to the members various charts indicating the course of management changes in the past, pointing out the trend to a younger executive structure within the company.

Golconda Mining Corporation - H. F. Magnuson

Mr. Magnuson advised the members that the principal activity currently taking place is the negotiating of a revision to the Alice/Hecla Agreement. He said that the first draft had been completed and commented on by Mr. Stogin. A second draft is now being prepared. In response to a question, he discussed shareholder relations in the Golconda area, pointing out that they were quite amicable.

Annual Meeting - Gordon Paul Smith

Mr. Smith recommended that the Annual Meeting of Shareholders be held earlier than the latter part of April, when it would normally be held. In response to Mr. Smith's question, Mr. Adams stated that the financials for the Annual Report should be available by January 15. It was decided that it would be preferable to have the meeting in the first half of March. In determining a place for the meeting, Mr. Stogin is to analyze the distribution of shareholders geographically and make a recommendation as to location.

Compensation and Pension Committees

Mr. Smith suggested that the Compensation Committee meet before the fiscal year end to review the various compensation plans for 1973.

The meeting was recessed for lunch at 12:50, and was reconvened at 1:50 P.M.

Corporate and Financial Matters - D. W. Adams

Mr. Adams reviewed and discussed reserve accounting for the members. He pointed out that the level of accounts receivable continued to be a bothersome problem, that no losses are being created and that the present reserves for bad debts are adequate. He expects continued improvement in the over 60 day category. Mr. Adams submitted an analysis of cash flow. This information was reviewed, noting that manufacturing is meeting its own financing needs. A discussion of bank relationships followed, and it was decided to suggest to the Board of Directors at tomorrow's meeting a change in banks. Mr. Adams next presented the October mid-month forecast, along with comments. This was reviewed. The level of the sale of Hecla shares was discussed.

The pending income tax case matters were discussed at this point. Mr. Smith summarized the situation with respect to the income tax and Section 531 tax liabilities. A substantial discussion followed regarding the risks and rewards. It was decided



that it would be appropriate to appeal the decision in the 531 matter on the terms outlined by Woolvin Patten in his letter of October 10, 1972. This action is to be recommended to the Board for approval.

Legal Matters - J. M. Stogin

Mr. Stogin discussed the need for a resolution of the Board to authorize the use of the acquired debentures for the Sinking Fund. He read for the members a letter received from the Midwest Stock Exchange relative to listing thereon. The members unanimously agreed to recommend to the Board that no further action be taken to obtain a listing on the Midwest Stock Exchange. Work has begun on the Application to the American Stock Exchange for listing thereon. The Board will be requested to adopt a formal resolution on this matter. The S-8 Monthly Investment Plan has become effective and will be offered to the employees within the next week to 10 days. The company still has not been served in the Fendler case. The S.E.C. has not requested any further information from the company in connection with its investigation and Mr. Stogin reported that Mr. Friedman was appearing before the S.E.C. today to determine the status of the matter. There have been no changes in the real estate holdings. A Qualified Stock Option Plan draft has been submitted to Mr. Smith for review.

Acquisition Program - Gordon Paul Smith and R. S. Sloma

Mr. Sloma described the products and markets of Marshall Brass, a proposed acquisition. Mr. Sloma was granted permission to negotiate for the purchase of Marshall Brass for an amount not to exceed \$1,250,000, excluding real property. The purchase is to be subject to the following:

1. Verification of sales and profits.
2. Goodwill less than \$500,000.
3. An option to extend the lease to more than ten (10) years, and/or an option to purchase the property at a later date at a set price.
4. Non-competitive agreement with the sellers.
5. Continuation of purchasing and distribution relationships.  
(4 and 5 Alternate - Consulting Agreement).
6. Obtaining of all the rights to tangible property, such as, patents, trademarks, etc.
7. The giving of a non-negotiable note for part of

the purchase price, pending completion of audits.

8. Accounts receivable of Leggitt brought to a current basis.

9. The usual representations and warranties.

Mr. Dunn commented on the importance of having documents well in advance of the meeting for consideration. Mr. Smith recommended, and it was approved, that the members have proposals in their hands in time to permit at least two weeks study in connection with acquisitions. Mr. Sloma gave a brief description of a 1974 plan for the Committee.

Aquamatic. This project has been put on the shelf for now.

Seco. Mr. Sloma described the company and its potential and the task force that has been studying the possible acquisition of Seco.

Pressure Gauges - R. S. Sloma

The Committee approved capital expenditures for the pressure gauge project at Pioneer-Astro. Mr. Smith signed the formal request.

Messrs. Adams, Stogin and Watson were excused at 4:45 P.M. when the Committee went into executive session. During this time the reorganization involving Bastian-Blessing, Inc. was discussed and approved.

The next meeting of the Executive Committee will be held on November 29, 1972.

There being no further matters to come before the Committee, the meeting was adjourned at 5:20 P.M.

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Secretary

APPROVED:

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Chairman

MINUTES OF MEETING  
OF THE  
BOARD OF DIRECTORS  
OF  
GOLCONDA CORPORATION

The meeting of the Board of Directors of Golconda Corporation was held on Thursday, October 26, 1972 at 9:00 a.m., at the Union League Club, Chicago, Illinois. The following members were present:

Daniel L. Brenner  
Ray M. Dunn  
Wray Featherstone  
H. F. Magnuson  
A. D. Martin  
Richard S. Sloma  
Walter L. Sly  
C. Arnholt Smith  
Gordon Paul Smith  
Philip A. Toft.

Present as guests were: D. W. Adams, J. M. Stogin, R. M. Anderson, R. R. Del Presto, J. W. Hasselbring, R. H. Watson and Scott Shannon.

Mr. C. A. Smith, Chairman, called the meeting to order at 9:10 a.m. The minutes of the July 27, 1972 meeting had been previously distributed to the members and reviewed by them, and were moved for adoption, seconded and unanimously adopted.

President's Report - Gordon P. Smith

Mr. Gordon P. Smith presented the report of the President. He reviewed the history, problems and changes in the management and the Board. He pointed out that goals were set, problems identified and corrections instituted. In the area of acquisitions, criteria were established and acquisitions have been made. He elaborated upon the results which have been accomplished to date. He reviewed further for the members the investor relations program. The report was favorably received by the members.

The Chairman raised the question as to the level of inventories. Mr. Sloma responded, describing the strategy in relation to the problems faced, due to order intake, forecasting and systems problems. Mr. Sloma was requested to study the trimming of the product line. He indicated this was already in progress.

Mr. Brenner inquired as to the leasing of the Bryn Mawr facilities. Mr. Gordon P. Smith replied that due to substantial

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excess office space in the area no tenant had yet been obtained.

Mr. Brenner inquired as to the status of the Monthly Investment Plan, and Mr. Stogin reported that the Plan had become effective and that Mr. Watson would be issuing the Plan to employees within a week to ten days.

Results of Operations - Bastian-Blessing, Inc. - R. S. Sloma

Bastian-Blessing Division - R. R. Del Presto

Mr. Del Presto reviewed the situation at the time he assumed responsibility for the Bastian-Blessing operation. He pointed out that the division at that time was experiencing a loss. He described the changes which have been made and pointed out that in 1973 he will be concentrating on operations. Mr. Brenner asked whether service had been improved at Grand Haven. Mr. Del Presto replied that their goal was to serve 85% of the customers within 24 hours.

Pioneer-Astro Industries Division - J. W. Hasselbring

Mr. Hasselbring reported that M & M is ahead of forecast sales at this time. The division has a new controller. 1973 backlog should be four times ahead of last year. he reported on sales efforts with Hughes Aircraft and others, and the development of design capability at Pioneer. The Teamsters are attempting to organize the Pioneer division. The Chairman requested the Compensation Committee to review a possible pension plan for Pioneer.

Anderson Copper and Brass Company - R. M. Anderson

Mr. Anderson described his operation and stated that he was looking forward to a good 1973.

RegO Division - R. S. Sloma

Mr. Sloma pointed out that the principal concern at the present time is digestion of the high level of order intake. He pointed out that the incremental profit rate is not satisfactory, due to attempts to cope with high order intake which necessitated over-time, loss of efficiency, etc. The status of the accounts receivable was described. The 1973 outlook is good, and controls will be the major area of concern in this division. This will include flexible budgeting, inventory control, and

cycle count to avoid year end physical inventory of finished goods and piece parts. Efforts will be made to obtain a very close interface between marketing and operations. Mr. Brenner inquired as to the Marketing plan. Mr. Sloma elaborated by describing the interdivisional program and international efforts.

Personnel - R. H. Watson

Mr. Watson presented to the members various charts indicating the course of management changes in the past, pointing out the trend to a younger executive structure within the company. The areas of concern for 1973 are union negotiations, manpower growth, development of runners up for middle management areas, coordination between marketing and operations and general organization coordination throughout the company.

Golconda Mining - Wray Featherstone

Mr. Featherstone described the acreage involved in the mining activity and the annual work being performed. He pointed out that Geochemical sampling was taking place, and that there is an acute awareness of environmental aspects of mining activity. The status of the Alice project was described, with a brief recap of its history. A modification to the Agreement with Hecla is currently being prepared. Mr. Featherstone commented further on general matters relating to mining, and responded to questions from the members.

Corporate and Financial - D. W. Adams

Mr. Adams recapped earlier discussions regarding accounts receivable and inventory levels. Accounts receivable have increased in total dollars, as well as the ageing categories. He described the action plan for seeking better collections of receivables. He stated that bad debt reserves were adequate. As to inventory, part of the increase can be attributed to the high sales levels. The Chairman raised various questions concerning collection efforts and the matter was discussed at length. The Chairman stressed the importance of the accounts receivable area to the financing of the company. Mr. Adams distributed an analysis of cash flow through the end of September. This analysis was reviewed, explained and discussed. The matter of banking relationships was raised. After substantial discussions, it was moved by Mr. Gordon P. Smith, seconded by Mr. Magnuson and unanimously approved that C. Arnholt Smith is authorized to explore the possibility of new banking relationships with The First National Bank of Chicago and the Harris Trust and Savings Bank. He is to report back to the Board. The mid-month

forecast was distributed to the members, and Mr. Adams discussed the forecast, pointing out that he was confident of reaching the earnings per share figure for the year, with the contingency that sufficient Hecla shares are sold in line with earlier decisions. Mr. Gordon P. Smith commented on the progress for the sale of certain Hecla shares prior to November 30.

Legal Matters - J. M. Stogin

Mr. Stogin reported on the status of the purchase of Preferred shares and Debentures of Golconda. He pointed out the need for a resolution of the Board to authorize the use of acquired debentures for the Sinking Fund. After a discussion, the following resolution was adopted:

WHEREAS, Golconda Corporation has outstanding certain 7% Convertible Subordinated Debentures Due January 1, 1990; and

WHEREAS, Golconda has entered into an Indenture with Marine Midland Bank, as Trustee, which Indenture relates to the Debentures; and

WHEREAS, Golconda has acquired certain of those Debentures by purchase; and

WHEREAS, certain of those Debentures have been converted to Common Stock; and

WHEREAS, the Indenture provides that the Company may reduce its obligation to make any mandatory Sinking Fund payment by delivering to the Trustee, for credit against such Sinking Fund payment, Debentures acquired by the Company and/or converted to Common Stock; therefore, be it

RESOLVED, that the Officers of Golconda Corporation are hereby authorized to perform any and all acts necessary to reduce the Company's obligation under the Sinking Fund through the use of Debentures purchased and/or converted to Common Stock.

He presented to the members a letter he had received from the Midwest Stock Exchange relative to listing thereon. After a discussion, it was unanimously agreed that the company not seek a listing on the Midwest Stock Exchange. He pointed out that work has begun on the application to the American Stock Exchange for listing. In connection therewith the following resolution

was unanimously adopted:

RESOLVED that application be made to the American Stock Exchange for the listing of 4,193,544 shares of Common Stock, no par, of this corporation and that Gordon Paul Smith and John M. Stogin are hereby authorized and directed by the Corporation to sign said application and any listing agreements or documents required by the Exchange in connection therewith and to make such changes in any of same as may be necessary to conform with the requirements for listing, and to appear (if requested) before officials of said Exchange.

Mr. Stogin reported that the company still has not been served in the Fendler case, and reported on the status of that case. The S.E.C. has not requested any further information from the company in connection with its investigation, and Mr. Stogin reported that Mr. Friedman was appearing before the S.E.C. to determine the status of the matter. There has been no change in the status of the real estate holdings. The Qualified Stock Option Plan has been drafted and submitted to Mr. G. P. Smith for review. The proposed revision to the Alice/Hecla Agreement has been analyzed and comments supplied to Mr. Featherstone and others. The Board unanimously adopted a resolution relating to the Account Number 2-55688, at the Central National Bank, a copy of that Resolution is hereby incorporated by reference. The Board unanimously ratified the borrowing of \$1,300,000 from the Central National Bank on September 29, 1972, under the terms and conditions of a Loan Agreement dated June 8, 1972 between Central National Bank and Astro Controls, Inc., and approved the following resolution:

I hereby certify, as Secretary of Golconda Corporation, that at a meeting of the Golconda Corporation Board of Directors held on October 26, 1972, the following officers of Golconda Corporation were duly empowered to borrow money on behalf of Golconda Corporation.

Specifically, Gordon P. Smith and J. M. Stogin were authorized to borrow \$1,300,000 on behalf of Golconda Corporation from Central National Bank on September 29, 1972, under the terms and conditions of a Loan Agreement dated June 8, 1970, between Central National Bank and Astro Controls, Inc.

The present income tax matters were next discussed. Mr. G. P. Smith summarized the situation with respect to the income tax and Section 531 tax liabilities. A lengthy discussion followed regarding the risks and rewards. It was decided that it would be appropriate to appeal the decision in the 531 matter, on the terms outlined by Woolvin Patten, Esquire, in his letter of October 10, 1972. The Board authorized the appeal. Mr. Stogin reported on the resignation of Mr. Michael F. Drinkhouse. Mr. C. A. Smith recommended that Mr. Drinkhouse's resignation be accepted. It was moved, seconded and unanimously agreed that the resignation of Mr. Drinkhouse be accepted.

The meeting was recessed for lunch at 11:50 a.m. and was reconvened at 1:50 p.m. Members C. A. Smith and A. D. Martin were not present. The guests Anderson, Del Presto, Hasselbring and Shannon were not present.

#### Compensation Committee

Mr. Smith requested that the Compensation Committee consider a meeting at an early date. The Board decided not to fill the vacancy created on the Compensation Committee by the resignation of Mr. Drinkhouse. Mr. Smith requested that all recommendations be submitted to the Committee before the next meeting. The members of the Committee unanimously agreed to meet on November 28 at the Corporate Offices in Chicago.

#### Annual Meeting - Gordon Paul Smith

Mr. Smith commented on the advisability of holding the Annual Meeting sooner than the scheduled April date. After discussion, the Board unanimously authorized the Executive Committee, after due consideration and fact finding, to set a date, time and place for the Annual Meeting.

#### Review and Approval of the 1973 Profit Plan - Gordon Paul Smith

The Plan had previously been distributed to all members, and Mr. Smith summarized the contents, pointing out the planned improvements, and other significant areas. It was moved, seconded and unanimously resolved that the 1973 Profit Plan be adopted as submitted.

#### Acquisition Program - Gordon Paul Smith and R. S. Sloma

Mr. Sloma described Marshall Brass, a proposed acquisition. The criteria for the acquisition as recommended by the Executive Committee were presented. After a discussion, the following resolution was unanimously adopted:

"RESOLVED, that R. S. Sloma is hereby authorized to negotiate for the purchase of Marshall Brass for an amount not to



exceed \$1,250,000. The purchase is to be subject to the following:

1. Verification of sales and profits.
2. Goodwill less than \$500,000.
3. An option to extend the lease to more than ten (10) years, and/or an option to purchase the property at a later date at a set price.
4. Non-competitive agreement with the sellers.
5. Continuation of purchasing and distribution relationships.  
(4 and 5 Alternate - Consulting Agreement).
6. Obtaining of all the rights to tangible property, such as patents, trademarks, etc.
7. The giving of a non-negotiable note for part of the purchase price, pending completion of audits.
8. Accounts receivable of Leggitt brought to a current basis.
9. The usual representations and warranties.

This matter is to be cleared with State Mutual and other lenders.

**Bastian-Blessing, Inc. Organization**

Mr. Smith commented upon the present organization of operations under Bastian-Blessing, Inc. He proposed a realignment of the organization to bring the operations directly under Golconda Corporation, and the eventual elimination of operation through Bastian-Blessing, Inc. A lengthy discussion followed. After the discussion a motion was unanimously adopted permitting the reorganization and granting to the Executive Committee discretionary authority as to the timing of the moves and the appointments of Messrs. Del Presto, Hasselbring and Watson to the position of Vice President of Golconda, and Mr. Sloma as Executive Vice President of Golconda Corporation.

Mr. Stogin pointed out that the State of Michigan requires Golconda to guarantee the obligations of Bastian-Blessing, Inc.

under the Workmen's Compensation Act of the State of Michigan. The following resolution was unanimously adopted:

RESOLVED: That this corporation guarantee any and all of the obligations and liabilities of Bastian-Blessing, Inc., a wholly-owned subsidiary of this corporation, arising under or by virtue of any of the terms, provisions, conditions or requirements of the Workmen's Compensation Act of the State of Michigan; and

BE IT FURTHER RESOLVED: That the officers of this corporation are authorized to execute such documents and to take such other and further action as may be necessary or desirable in effectuating the purpose and intent of this resolution.

Subsidiaries -

The matter of possible liquidation of certain wholly-owned subsidiaries; namely, B/B-Imperial, Pioneer Astro Metallics and Anderson Copper and Brass was presented. The economic and tax benefits of liquidating these subsidiaries was discussed. The Board authorized the Executive Committee, acting on its behalf, to make the final determinations as to the adoption of a Plan of Liquidation, and all other matters relating to timing and conditions of liquidation.

The next meeting of the Board of Directors of Golconda is scheduled for January 25, 1973. The members will be advised as to the time and place of the meeting.

There being no further business to come before the Board, the meeting was adjourned at 2:30 P.M.

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Secretary

APPROVED:

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Chairman

MINUTES OF MEETING  
OF THE  
EXECUTIVE COMMITTEE  
OF  
GOLCONDA CORPORATION

A meeting of the Executive Committee of Golconda Corporation was held on Wednesday, November 29, 1972 at 9:00 A.M., at the Corporate Offices at 4201 West Peterson Avenue, Chicago, Illinois. The following members were present:

Gordon P. Smith  
Ray M. Dunn  
H. F. Magnuson  
Richard S. Sloma  
Philip A. Toft  
Donald W. Adams, ex officio  
John M. Stogin, ex officio.

Present as guests were R. H. Watson, R. R. Del Presto, R. L. Walma, J. W. Hasselbring and Donald V. Ytterberg.

All members of the Committee being present, the Chairman, Gordon P. Smith, called the meeting to order at 9:06 A.M. The Minutes of the Executive Committee meeting of October 25, 1972 were previously distributed to the members for review. The Minutes as submitted were unanimously approved.

Results of Manufacturing Operations

Bastian-Blessing Division - R. R. Del Presto

Mr. Del Presto distributed the mid-month forecast for November, 1972. He advised the Committee that the year's plan will be satisfied. Contract negotiations with the Carpenters' Union, whose contract expires at Midnight on November 30, are static at the present time. Mr. Del Presto described recent employee relation activities at the plant. The division is presently finalizing the details for the 1973 plan. The plan calls for avoiding the \$288,000 loss experienced in the first quarter of 1972. Mr. Del Presto was questioned as to the year-end inventory. He replied that no major differences from book inventory are anticipated. Mr. Dunn asked whether or not price controls are a problem at this division. Mr. Adams replied that there is no problem with margin limitations, even under the expected 1973 plan levels. Mr. Del Presto went on to describe various products which the division is now working on, including garbage compactors.

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Mr. Walma, Manager - Personnel and Organizational Planning of the division, presented the current union situation at the division, giving an historical recap of the three unions. He discussed the likelihood of a strike by the Carpenters' Union and the demands relating to language and dollars in the new contract. Mr. Del Presto offered his comments as to the probable course of action of the Sheet Metal Workers. A general discussion of the labor situation ensued. The Committee complimented Mr. Walma on his presentation.

Pioneer-Astro Industries Division - J. M. Hasselbring

Mr. Hasselbring distributed the mid-month forecast for November, pointing out the level of October sales. Order intake was short of forecast, and this will have an effect on January and February shipments. He pointed out that the key to the current situation is order intake. In October, a \$19,000 operating loss was offset by an adjustment to deferred compensation accounts. November sales are projected at \$235,000, which is \$61,000 below forecast, due largely to customer requested holds. M & M Products will be ahead of forecast and the outlook is good. Mr. Hasselbring detailed for the members the reasons for the projected loss of \$20,000 in November. Accounts receivable collections have been very good. Mr. Hasselbring reviewed his activities since assuming the General Managership of the division, discussing some of the problems and the emphasis on new business. A loss of \$34,000 is anticipated for the December-January period, but in his opinion the forecast of \$55,000 profit for the year is valid and attainable. A general discussion ensued regarding the union petition for an election at Pioneer. Mr. Smith commented on the general situation, and requested Mr. Hasselbring to keep the Committee well informed to enable them to make the proper decisions with respect to Pioneer. Mr. Toft recommended segregating Pioneer-Astro and M & M Products to enable proper comparisons to be made. Mr. Sloma offered his comments.

Anderson Copper and Brass - D. V. Ytterberg

Mr. Ytterberg presented the November mid-month forecast for Anderson. He reported that there is no union activity at this division, and that the accident and health plans have been well received by the employees. Order intake is very strong and a 5% price increase

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was instituted November 1. He reported on new machinery which has been received for production. Profits are holding up well at the division.

RegO Division - R. S. Sloma

Mr. Sloma reviewed the mid-month forecast which he distributed, pointing out that October profits were ahead of plan, but slightly behind forecast. Sales were less than planned and forecast, but order intake continued strong. He stated that November would be a cliff hanger as to the achievement of the forecast of sales, but the profit of \$448,000 was valid. December order intake should be very strong. He expressed confidence in the attainment of the December-January forecast, despite record past dues and problems in shipping and production. A general discussion of this subject ensued. Accounts receivable collections were reported to be improving.

Messrs. Del Presto, Walma, Hasselbring and Ytterberg were excused at this point.

Golconda Mining Corporation - H. F. Magnuson

Mr. Magnuson reported that the revision in the Alice Consolidated Agreement is reaching finalization. Hecla and El Paso are working on changing the financing for the Arizona project. It is anticipated that the Sunshine Mine will return to production, as a result of an anticipated order lifting the closing of the mine. The price of silver has remained flat in the range of \$1.80 to \$1.90 per ounce. Consumption continues to exceed production and the outlook remains promising. There was nothing new to report on explorations.

Personnel Matters - R. H. Watson

Mr. Watson reported that certain capacity problems were being experienced and that at the next meeting he would present a report on the organization. Mr. Smith commented on the generally high level of employee morale. The members of the Committee requested being put on the mailing list to receive employee oriented publications, new letters, and so forth.

Monthly Reports - Gordon P. Smith

Mr. Smith commented on the new monthly reporting format,

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and requested suggestions from the Committee. after discussion, Mr. Toft recommended that any changes in reporting format be made in December and then no further changes for the balance of the '73 fiscal year.

Corporate and Financial Matters - D. W. Adams

Mr. Adams explained the new reports and certain variances reported therein. Accounts payable levels continue high and cash levels are improving. Mr. Adams reviewed the status of the reserve accounts, and in reply to Mr. Magnuson's question regarding possible shrink in inventory, Mr. Adams indicated that none was anticipated. The corporate mid-month forecast and comments were distributed and reviewed by Mr. Adams. He expressed the hope to have Alexander Grant and Company figures for fiscal 1972 by the next Executive Committee meeting. The Committee approved the establishment of a Petty Cash Account for Pioneer-Astro.

Hecla Shares - Gordon P. Smith

Mr. Smith reported on the sale of Hecla shares to date, pointing out that previously planned sales have been achieved. The proposal for the establishment of a subsidiary to hold the Hecla shares was presented. Mr. Smith is to explore the matter and present a plan at the December meeting. Mr. Stogin is to explore the ramifications of the plan and report thereon.

Banking Relationships - Gordon P. Smith

Mr. Smith reviewed the present situation with respect to banking relationships. He reported on recent meetings with representatives of the First National Bank of Chicago and the American National Bank and Trust Company. He discussed the State Mutual loan and possible changes therein.

The meeting was recessed for lunch at 12:10 P.M., and was reconvened at 12:45 P.M. Mr. Ytterberg rejoined the meeting.

Golconda Metals - R. S. Sloma

Mr. Sloma presented Messrs. Heiden, Billington and Alford, who proceeded with a special presentation of a proposed Golconda Metals division. The purpose, objective and strategy was discussed and a report distributed to the members. Mr. Toft moved that the project be tentatively approved in the amount of \$1,353,000, subject to an opportunity for review by the members and a poll of the members in two weeks. This motion was seconded by Mr. Magnuson, and unanimously adopted.

Mr. Ytterberg was excused from the meeting at this point.

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**Bastian-Blessing, Inc. - Reorganization**

Pursuant to authority granted by the full Board of Directors, the Committee ratified the revision in the organization and authorized announcement by Mr. Smith of the election of Mr. Sloma as Executive Vice President and Chief Operating Officer of Golconda Corporation and Messrs. R. R. Del Presto, J. W. Hasselbring and R. H. Watson as Vice Presidents of Golconda Corporation.

**Legal Matters - J. M. Stogin**

Mr. Stogin distributed a report regarding the location for the 1973 Annual Meeting. Mr. Smith commented on the report which was then discussed. Pursuant to authority granted by the Board, the Committee set the date, time and place for the 1973 Annual Meeting, as March 29, 1973 at 9 A. M., in San Francisco, California. Mr. Stogin is to proceed with obtaining appropriate meeting facilities for that date and place.

Anderson Copper and Brass. The advantages of liquidating the wholly-owned subsidiary of Anderson Copper and Brass Company were discussed. The Committee adopted the plan of liquidation as set forth in Exhibit I, incorporated herein by reference.

Mr. Stogin reported that \$297,000 in debentures has been forwarded to the Marine Midland Bank, Trustee under the Indenture, for application against the first sinking fund payment. The status of the income tax cases was discussed, as was obtaining margin trading provisions for Golconda shares with Merrill Lynch. Mr. Smith read to the Committee a letter which he received from Mr. Henry G. Riter, IV, Senior Vice President of the American Stock Exchange, Inc. Questionnaires relating to information required for application to the American Stock Exchange have been distributed to all officers and directors. There was nothing further to report on the S.E.C. matter, or the Fendler case, since no significant events had occurred affecting Golconda, aside from the filing of an Amended Complaint by Mr. Fendler. Golconda has still not been served. Mr. Stogin reported on a contract action with the American Appraisal Company in the amount of approximately \$50,000. Preliminary proxy material for the 1973 Annual Meeting is in the process of preparation. Questionnaires relating thereto will be sent out within the next month or so.

**Investor Relations Program - Gordon P. Smith**

Mr. Smith reported on recent activities and read various

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comments which have been received regarding past meetings. The decision of the company to participate in EXPO '73, along with a description of EXPO '73, was presented to the Committee. Mr. Magnuson offered his favorable comments.

#### Annual Report Format

There is nothing to report at this time on this subject.

#### Acquisition Program Progress - R. S. Sloma

The loss of the potential acquisition of Marshall Brass was reported and commented upon. Mr. Sloma stated that a report would be forthcoming on the Seco potential acquisition.

#### Next meeting

The next meeting of the Executive Committee will be held on December 28, 1972, at a time and place to be announced.

Messrs. Adams, Stogin and Watson were excused at this point, and the Executive Committee went into Executive session.

#### Incentive Compensation Plan

The Committee reviewed the proposed 1973 Incentive Compensation Plan as offered by the Compensation Committee. After thorough discussion, it was agreed that the Plan should be recommended to the full Board for adoption. Mr. Toft is to complete the preparation of the details of the Plan.

#### Anderson Copper and Brass - Personnel

A change in the organization at Anderson Copper and Brass was presented and discussed. It was agreed that it would be in the overall best interests of Anderson Copper and Brass and Golconda Corporation, that effective December 1, 1972, Robert M. Anderson assume responsibilities as Vice Chairman of the Board of Anderson, and that Donald V. Ytterberg be appointed Vice President and General Manager of Anderson Copper and Brass.

There being no further matters to come before the Committee, the meeting was adjourned at 4:18 P.M.

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Secretary

APPROVED:

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Chairman



WHEREAS, GOLCONDA CORPORATION ("GOLCONDA"), an Idaho corporation, is the owner and sole shareholder of all of the issued and outstanding shares of ANDERSON COPPER AND BRASS COMPANY ("ANDERSON"), an Illinois corporation; and

WHEREAS, it is deemed advisable and for the best interests of ANDERSON that it be dissolved;

THEREFORE, BE IT RESOLVED:

1. That the following Plan of Complete Liquidation of ANDERSON is for the purpose of effecting the complete liquidation and dissolution of ANDERSON in accordance with Section 75 of the Business Corporation Act of Illinois and Section 337 of the U. S. Internal Revenue Code.

a. ANDERSON shall be liquidated as promptly as practicable, such liquidation to be accomplished by transferring, as of November 30, 1972, all cash and other assets to GOLCONDA, its parent, in consideration of the assumption by GOLCONDA of all of the debts, liabilities and obligations of ANDERSON, preserving all claims which ANDERSON may have against

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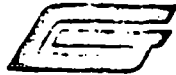
others, and in complete cancellation or redemption of all of the capital stock of ANDERSON.

b. The distribution of all assets in liquidation shall in any event be completed within the twelve month period beginning on this date of adoption of this plan.

2. That the directors and officers of ANDERSON and the officers of GOLCONDA shall carry out and consummate this plan, and shall have power to adopt all resolutions, execute all documents, incur and pay all expenses, file all papers (including, without limitation, a certificate of dissolution), and take all other action that they may deem necessary or desirable for the purpose of effecting this plan and the complete liquidation of ANDERSON'S business, assets and affairs.

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GOLCONDA CORPORATION  
4201 WEST PETERSON AVENUE • CHICAGO, ILLINOIS 60648

312/685-0600


J. M. STOGIN  
Vice President-Corporate Counsel

January 11, 1973

TO: MEMBERS OF THE BOARD OF DIRECTORS  
GOLCONDA CORPORATION

Enclosed is your copy of the Minutes for the Meeting  
of the Executive Committee of Golconda Corporation,  
held on December 28, 1972.

Sincerely,



J. M. Stogin

JMS:pl

enc.

cc: Mr. C. Hugh Friedman

LS 002215

MINUTES OF MEETING  
OF THE  
EXECUTIVE COMMITTEE  
OF  
GOLCONDA CORPORATION

A meeting of the Executive Committee of Golconda Corporation was held on Thursday, December 28, 1972 at 9:00 A.M., at the Westgate Plaza Hotel in San Diego, California. The following members were present:

Gordon P. Smith  
Ray M. Dunn  
H. F. Magnuson  
Richard S. Sloma  
Philip A. Toft  
Donald W. Adams, ex-officio  
John M. Stogin, ex-officio.

Present as a guest was Richard H. Watson.

All members of the Committee being present, the Chairman, Gordon P. Smith, called the meeting to order at 9:00 A.M. The Minutes of the Executive Committee meeting of November 29, 1972 having previously been distributed to the members for review were unanimously approved as submitted.

Results of Manufacturing Operations - R. S. Sloma

Pioneer-Astro Division. The mid-month forecast was distributed for review. Mr. Sloma stated that the order intake was good and solid. Quarter results should be attainable as forecast, but this will fall short of plan, the key continues to be order intake which at the present seems to be firming nicely.

Bastian-Blessing Division. Mr. Sloma presented the mid-month forecast, pointing out that the loss was attributable to a work stoppage due to the strike by the Carpenters' Union. The Sheet Metal Workers voted 160 to 40 to return to work. In response to a question regarding the outlook for January and February results, Mr. Sloma replied that the target was to be on plan for the first quarter.

Anderson Copper and Brass Division. The mid-month forecast was reviewed. The division is on plan and the only notable item was a significant increase in inventory which was

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due to an opportunity to purchase brass under favorable terms. Inventory levels will be on plan for the quarter. Mr. Sloma read comments of Mr. Ytterberg regarding the high level of order intake.

RegO Division. Mr. Sloma reviewed the mid-month forecast, pointing out that both profit and sales are ahead of plan. Order intake was a record \$4,100,000. The outlook for the balance of the quarter is for profit, sales and order intake to be ahead of plan. Inventory continued to build, reflecting heavy order intake demand. Mr. Toft questioned the inventory levels compared to order intake versus one year ago. Mr. Sloma pointed out that the backlog is much heavier now and there is a need for build-up due to RegO Distribution Center requirements. In response to Mr. Toft's question as to when backlog would decline, Mr. Sloma outlined the actions being taken in production. There was a general discussion regarding inventory levels and strategy. Mr. Toft raised a further question as to the cash effect of inventory, receivables and profit levels and the high level of accounts payable. Mr. Adams replied that there was no major or immediate problem in the cash area. In reporting on receivables, Mr. Sloma noted that they were up, but that sales had been much ahead of plan. He commented that the objective set last September may have been too aggressive and that the present pattern of ageing of receivables is satisfactory. Mr. Sloma briefed the members on the recent meeting with the management of U. S. Divers.

Golconda Metals Division. Mr. Sloma reported that the organization has been lined up and initial moves are underway for this division. Test forgings are being made in England. Mr. Dunn commented on the importance of performance by vendors in getting the facility on stream. Mr. Heiden is to work with Mr. Stogin on the contract specifications, making appropriate provisions for late delivery performance problems.

#### Golconda Mining Corporation - H. F. Magnuson

Mr. Magnuson reported that the current price for silver is approximately \$2.03, up from the \$1.85 level of the previous month. This is the first year in four that the year end price has not been lower than that of the prior year. There is increased interest being shown in silver. The Hecla Lakeshore Agreement should be executed soon. The Alice Consolidated revision is also in process. Mr. Smith asked for a discussion regarding the strategy of holding Alice Consolidated shares and the outlook. A general discussion ensued, with no action being taken.

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## Personnel Matters - R. H. Watson

Mr. Watson reported on union/labor relations. There was an election at the Pioneer-Astro Division on December 20, at which the Teamsters' were defeated 53 to 32. Mr. Watson stated that this was an uphill victory and described the campaign for the members. Mr. Sloma commented on Mr. Watson's significant contributions to attaining that victory. Mr. Watson recapped the situation at the Bastian-Blessing Division with a brief history of labor events. He noted that 200 to 250 of the Sheet Metal workers are back at work, despite the Carpenters' Union strike. The current status and outlook were discussed generally. Mr. Watson noted that the Sheet Metal Workers contract expires February 28, 1973. As to the RegO Division, it could possibly be subject to unionization efforts in March of 1973. An organizational change involving a merger of the Engineering and Marketing functions, which is a part of the RegO 50 Program, was described and payroll savings noted. Mr. Sloma commented on the aims of the program, especially with respect to marketing opportunities arising as a result of the Occupational Safety and Health Act. Mr. Smith inquired as to compliance with OSHA regulations. Mr. Sloma responded that this is being done on a continuing basis.

## Corporate and Financial Matters - D. W. Adams

Mr. Adams distributed an Operations Analysis for fiscal 1972 and the coming quarter. These reports were reviewed and discussed. Mr. Adams reported on the status of the audit, pointing out the target date of January 8 for a final figure. Mr. Smith commented on the outlook for 1973 earnings per share. Mr. Adams reported that in the accounts receivable area 25% of the over 90-days has been collected, but that the over 60-days category is up. The reserve accounts were reviewed and discussed. Mr. Adams is to distribute final reports for the November 30, 1972 period upon completion of the audit.

## Banking Relationships - Gordon P. Smith

Mr. Smith reported that the company will be establishing new banking relationships with The First National Bank of Chicago.

## Legal Matters - J. M. Stogin

Mr. Stogin read a letter received from Clyde Keith of The Illinois Company, requesting a copy of the shareholder listings. This matter was discussed and Mr. Stogin was directed to discuss the matter with C. Hugh Friedman, who is to prepare material for Mr. Gordon P. Smith. Mr. Stogin reported that there have been no further developments in the S.E.C. matter or the Fendler case, as related to Golconda. Forms for Dividend Consents on the Preferred

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Stock have been mailed to all of the directors. Security clearance for Mr. C. A. Smith is being undertaken as a result of the Bastian-Blessing, Inc. reorganization. The liquidation of Anderson Copper and Brass is proceeding. Efforts are continuing to be made to obtain a tenant for the 8550 property. Mr. Stogin reported that he had reviewed the tax status of the Phantom Plan and that capital gains treatment was not available for the Plan.

#### Purchase of Preferred and Debentures.

Mr. Stogin reported that as of December 21, \$490,162.64 has been spent for the purchase of 13,214 of Preferred and \$364,000 face value of Debentures. This compares with the authorized total of \$750,000.

#### Subsidiary Company - Hecla Shares - Gordon P. Smith

Mr. Smith commented on the establishment of a subsidiary company to hold the Hecla shares. Mr. Stogin reported on the results of his investigation as to the tax status of a Washington corporation. He advised the members that the initial capitalization would be 5,000 shares of \$10 par common stock. The directors would be Gordon Paul Smith, Philip A. Toft and H. F. Magnuson. The officers would be: President - Gordon Paul Smith; Vice President - Wray Featherstone; Secretary - J. M. Stogin; Treasurer - D. W. Adams. The subject was discussed and approved. Mr. Magnuson is to meet with Mr. Adams and Mr. Stogin regarding implementation.

#### Investor Relations Program - Gordon P. Smith

Mr. Smith reported on the Los Angeles and San Francisco meetings and submitted copies of newspaper articles to the members.

#### American Stock Exchange Listing - Gordon P. Smith

Mr. Smith reported on the status of the listing Application and read a favorable letter received from Mr. Henry G. Riter, IV. Mr. Stogin commented on certain information which he is still awaiting in order to complete the preliminary application.

#### 1972 Annual Report - Gordon P. Smith

Mr. Smith described the cover layout and report format.

#### 1973 Proxy - J. M. Stogin

Mr. Stogin distributed a preliminary copy of a draft of the Proxy for the 1973 annual meeting. This material was approved and the place of the meeting determined as The Stanford Court in San Francisco. Mr. Stogin reported that letters have already been sent to street name accounts, requesting information as to the number of copies required for distribution to beneficial holders. In the

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past the proxies of the brokers being returned promptly has been a problem.

Acquisition Program - R. S. Sloma

Mr. Sloma reported that no further progress has taken place in the acquisition area and that Seco has declined our offer.

Mortgage.

Mr. Smith reported that he will attempt to renegotiate the terms of the mortgage on the RegO plant.

Foreign Investment

In reply to a question from Mr. Smith regarding compliance with foreign investment restrictions, Mr. Sloma reported compliance.

Duff, Anderson and Clark, Inc.

Mr. Smith reported that Duff, Anderson and Clark, Inc. has begun its inquiry as part of its study for the purpose of advising Westgate with respect to its investments.

Next Meeting

The next meeting of the Executive Committee will be held at 9:00 a.m. on January 24, 1973 at the corporate headquarters in Chicago, Illinois.

There being no further matters to come before the Committee, the meeting was adjourned at 12:35 p.m.

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Secretary

APPROVED:

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Chairman

LS 002220

MINUTES OF MEETING  
OF THE  
EXECUTIVE COMMITTEE  
OF  
GOLCONDA CORPORATION

Pursuant to notice, the meeting of the Executive Committee of Golconda Corporation was held on Tuesday, January 23, 1973 at 3:15 P.M., at the Corporate Offices located at 4201 West Peterson Avenue, Chicago, Illinois. The following members were present:

Gordon P. Smith  
Ray M. Dunn  
Richard S. Sloma  
Donald W. Adams, ex-officio  
John M. Stogin, ex-officio.

Absent were H. F. Magnuson and Philip A. Toft.

Present as guests were R. R. Del Presto, J. W. Hasselbring, Richard H. Watson and Donald V. Ytterberg.

The Chairman, Gordon P. Smith, called the meeting to order at 3:15 P.M. The Minutes of the Executive Committee meeting of December 28, 1972 were unanimously approved as submitted.

President's Report for 1972 - Gordon P. Smith

Mr. Smith distributed a copy of the Press Release announcing earnings per share, and advised those present that the Release was issued to the public prior to the meeting. As part of his report, Mr. Smith recapped his report letter contained in the Management Report for November.

Review of 1972 Annual Report Format - Gordon P. Smith

Mr. Smith presented a mock-up of the annual report and commented on its preparation and time schedule.

Review of 1973 Manufacturing Operations -

Bastian-Blessing Division - R. R. Del Presto

Mr. Del Presto distributed the mid-month forecast for January, pointing out that it reflects the effect of the strike. Order input continues good despite the strike. Mr. Del Presto described operations under strike conditions

R.M.S.  
OFF-SITE STORAGE

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and actions taken by management. January and February sales should be up. The outlook for McDonald's business was reviewed. At this point Mr. Adams presented an analysis of the physical inventory adjustment at year-end for Bastian-Blessing. He also discussed the accounting methods which will be used in 1973 to avoid a repeat adjustment. Mr. Del Presto offered further comments on the matter.

Pioneer-Astro Industries Division - J. W. Hasselbring

Mr. Hasselbring presented Pioneer's mid-month forecast, pointing out that sales were on target but a loss of \$11,000 occurred. He pointed out that inventory will rise, reflecting the order intake which is being experienced. It is expected that order intake will continue strong. In response to questions from Mr. Smith and Mr. Dunn, Mr. Hasselbring replied that he expects profit to be in the black in May. He reported on the pressure gauge project and M & M marketing through RegO. He also advised the members that the Division had received an award from Hughes Aircraft as an outstanding supplier.

Anderson Copper & Brass - D. V. Ytterberg

Mr. Ytterberg reviewed the mid-month forecast for Anderson, pointing out that December results were on plan and that the outlook was good. He commented on the outlook for the trailer industry.

RegO Division - R. S. Sloma

Mr. Sloma distributed the mid-month forecast, commenting that profit, sales and order intake were all ahead of plan in December. Inventory and receivables continue to need attention and are the focal points of efforts. Mr. Smith questioned the relationship of sales, orders and profit. Mr. Sloma offered his comments, especially with respect to the effect of overtime costs incurred to keep pace with the high levels of order intake and shipments.

Financial Matters - D. W. Adams

Mr. Adams commented on the financial highlights, including the return on equity. He pointed out the working capital was down, due to increased liabilities. Accounts receivables are approximately equal to last year. Inventory turnover is better than last year but not equal to plan. He also commented on the long-term debt to equity ratio. He next distributed and reviewed the mid-month forecast, pointing out that the December sales were

forecast figures, since actual December was not yet available. It is expected that the company will be on plan for the first quarter. Inventory reserves were reviewed. Mr. Smith asked various questions about corporate expense reporting, and it was decided to consolidate the expense sections for corporate expenses.

The meeting was recessed at 5:42 P.M. to reconvene at 9:00 A.M. on Wednesday, January 24 at the Corporate Offices.

The meeting was reconvened by the Chairman at 9:08 A.M. on Wednesday, January 24 at the Corporate Offices. Present were

Gordon P. Smith  
Ray M. Dunn  
H. F. Magnuson  
R. S. Sloma  
Donald W. Adams, ex-officio  
John M. Stogin, ex-officio.

Absent was Philip A. Toft.

Present as a guest was Richard H. Watson.

The matters transacted on the previous day were reviewed for Mr. Magnuson.

Golconda Mining Corporation Activities - H. F. Magnuson

Mr. Magnuson stated that there was a slight delay in the revision of the Alice Consolidated Agreement, due to the necessity of Bunker Hills' need to approve the documents. He commented that there has been an increased and growing interest in silver.

Personnel Matters - R. H. Watson

Mr. Watson recapped the labor situation at Bastian-Blessing, pointing out that the effect of the Carpenters' strike on shipments has been nil, due to outstanding management efforts in the plant. Negotiations have begun with the Sheet Metal Workers at Bastian-Blessing and the attitudes were reported as healthy. He pointed out that RegO could be petitioned in the near future but that no election could be held prior to April 1. There have been two solicitations of RegO employees by unions. Mr. Watson next presented a chart report on Golconda Corporation Organizational Planning - 1973. He described the ideals and objectives of marketing, operations, finance and personnel. There was a general discussion concerning the manning of managerial positions and Mr. Smith requested preparation of new runner-up charts by Mr. Watson.

Ground Breaking Ceremony at Alsip, Illinois

The members traveled to the ground breaking ceremony for the Golconda Metals Division building at Alsip, Illinois, returning for the balance of the meeting.

Legal Matters - J. M. Stogin

Mr. Stogin reported on the status of the formation of the Washington Corporation. The Articles of Incorporation have been filed and he is awaiting official notice of Incorporation. Appropriate resolutions have been prepared for the Board. Efforts continue to be made to sublease the 8550 Bryn Mawr property. There have been no further developments with respect to Golconda in the S.E.C. matter and the Fendler case. The request of The Illinois Company for a directorship previously received was discussed.

Purchase of Preferred Shares and Debentures - Gordon P. Smith

Mr. Smith reported that total purchases to date were \$580,000. Purchases will be temporarily halted and Mr. Smith will so advise Mr. Keith of The Illinois Company.

New Banking Relationships - Gordon P. Smith

Mr. Smith reported on his contact and discussion with Mr. Race of The First National Bank of Chicago.

American Stock Exchange Listing - Gordon P. Smith

Mr. Smith reported on his phone calls with the American Stock Exchange and commented that the first priority of the finance group is gathering the financial information required for the Amex application.

Investor Relations Program - Gordon P. Smith

It was reported by Mr. Smith that no meetings had been held since those of San Francisco and Los Angeles. The next meeting is scheduled for February 15 in Seattle and a New York meeting is anticipated about the time of listing on the American Stock Exchange. The company will be participating in EXPO '73 - the Institutional Investor Conference in New York in March.

Acquisition Program Progress - R. S. Sloma

There was nothing to recommend or submit at this time and the search is continuing.

Plan for the Annual Meeting -

The Stanford Court in San Francisco was confirmed as the site for the Annual Shareholders' Meeting.

Outlook for 1973 - Gordon P. Smith

Mr. Smith offered his comments on the outlook for 1973, pointing out the earnings per share expectation of 46 cents. This figure did not include any profits which might be realized through the utilization of the Hecla investment.

The meeting went into Executive session at 3:30. Messrs. Adams, Stogin and Watson were excused at this point. The purpose of the Executive session was to consider the 1972 bonus and other compensation matters. Mr. Watson is to act as Secretary of the Compensation Committee and to supply information as requested, but is not to participate in the deliberations or recommendations.

The next meeting of the Executive Committee will be held on February 28, 1973.

There being no further matters to come before the Committee, the meeting was adjourned at 4:30 P.M.

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Secretary

APPROVED

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Chairman

LS 002225

MINUTES OF MEETING  
OF THE  
BOARD OF DIRECTORS  
OF  
GOLCONDA CORPORATION

The meeting of the Board of Directors of Golconda Corporation was held on Thursday, January 25, 1973 at 9:00 A.M., at the Corporate Offices located at 4201 West Peterson Avenue, Chicago, Illinois. The following members were present:

Daniel L. Brenner  
Ray M. Dunn  
Wray Featherstone  
H. F. Magnuson  
A. D. Martin  
Richard S. Sloma  
Walter L. Sly  
Gordon P. Smith

Absent were C. A. Smith and Philip A. Toft.

Present as guests were D. W. Adams, J. M. Stogin, Richard H. Watson and Clyde Keith of The Illinois Company.

In the absence of the Chairman, Mr. C. A. Smith, Mr. Gordon Smith acted as Chairman, calling the meeting to order at 9:15 A.M. The Minutes of the October 26, 1972 meeting, having been previously distributed to the members and reviewed by them, were moved for adoption, seconded and unanimously approved.

President's Report for 1972 - Gordon P. Smith

Mr. Smith reviewed the mode of operation in the past year since the realignment of the management and the Board. He stressed the high degree of coordination and cooperation between the Board, the Executive Committee of the Board and company management. He pointed out the accomplishments in corporate expense reductions, the turn-around at Bastian-Blessing, the organization changes at Pioneer and RegO's higher profit levels. He recalled the conditions of his presidency. The results for 1972 were recapped and the earnings per share outlook for 1973 was reviewed. He reported on the progress of the Investor Relations Program and the American Stock Exchange listing.

1972 Annual Report - Gordon P. Smith

Mr. Smith recapped the status of the annual report, pointing out that it would be mailed on February 9.

Results of Division Manufacturing Operations - R. S. Sloma

Mr. Sloma distributed the January mid-month forecast and

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discussed the highlights of the report. RegO's order intake is greater than planned, and continues to increase. Bastian-Blessing is contending with a union situation. The Anderson outlook is bright. Pioneer's profit is below plan, but is better than last year. Marketing continues to be the key at Pioneer. Mr. Sloma commented on inter-divisional efforts which are being made, and he went on to describe the Golconda Metals Division operation. International activities of the company were also reviewed by Mr. Sloma.

Golconda Mining Corporation - W. Featherstone

Mr. Featherstone reported that the metals market has improved substantially. The price of silver at the beginning of the year was \$1.40 an ounce and by the end of the year had reached \$2.00 an ounce. He commented that the Alice Consolidated/Hecla revision problems were being resolved, that the modified contract should be forthcoming. Mr. Featherstone presented a map showing the location of the producing mines in the Golconda area. He described the diamond drilling activities in connection with Alice Consolidated. He reported that annual assessment work - geochemical prospecting - is proceeding.

Financial Matters - D. W. Adams

Mr. Smith commented on the contributions which Mr. Adams has been making. Mr. Adams reported on the delay in the December report, and described activities at Bastian (Grand Haven). He recapped the '72 final results, pointing out the improvements. He commented that the December report would be streamlined and invited comments from those who receive the report as to further improvements. Mr. Adams pointed out that the tax case costs have been reflected in the '72 results.

Personnel Matters - R. H. Watson

Mr. Watson recapped the labor situation at Bastian-Blessing, pointing out that the effect of the Carpenters' strike on shipments has been nil, due to outstanding management efforts in the plant. Negotiations have begun with the Sheet Metal Workers at Bastian-Blessing and the attitudes were reported as healthy. He pointed out that RegO could be petitioned in the near future but that no election could be held prior to April 1. There have been two solicitations of RegO employees by unions. Mr. Watson next presented a chart report on Golconda Corporation Organizational Planning - 1973. He described the ideals and objectives of marketing, operations, finance and personnel. There was a general discussion concerning the manning of managerial positions and Mr. Smith requested preparation of new runner-up charts by Mr. Watson.

Legal Matters - J. M. Stogin

Mr. Stogin reported on the status of the formation of the



Washington Corporation. The Articles of Incorporation have been filed and he is awaiting official notice of Incorporation from the Secretary of State. The following resolution was presented to the Board, and it was unanimously adopted:

RESOLVED, that the officers of Golconda Corporation are hereby authorized and empowered and directed to form a Washington corporation for the purposes set forth below and, upon its formation, to convey to said Washington corporation six hundred and thirty-seven thousand six hundred and seventy-four (637,674) shares of Hecla Mining Company common stock now owned by Golconda in exchange for one thousand (1,000) shares of the Ten Dollar par value common stock of said Washington corporation.

The initial Board of Directors shall consist of:

Gordon Paul Smith  
Philip A. Toft  
H. F. Magnuson.

#### PURPOSES

The purpose or purposes for which the corporation is organized are:

To acquire by purchase, subscription, or otherwise, and to receive, hold, own, guarantee, sell, assign, exchange, transfer, mortgage, pledge or otherwise dispose of or deal in and with any of the shares of the capital stock, or any voting trust certificates in respect of the shares of capital stock, scrip, warrants, rights, bonds, debentures, notes, trusts receipts, and other securities, obligations, choses in action and evidences of indebtedness or interest issued or created by any corporations, joint stock companies, syndicates, associates, firms, trusts or persons, public or private, or by the government of the United States of America, or by any foreign government, or by any state, territory, province, municipality or other political subdivision or by any governmental agency, and as owner thereof to possess and exercise all the rights, powers and privileges of ownership, including the right to execute consents and vote thereon, and to do any and all acts and things necessary or advisable for the preservation, protection, improvement and enhancement in value thereof.

To borrow or raise moneys for any of the purposes of the corporation and, from time to time without limit as to amount, to draw, make, accept, endorse, execute and issue

promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable or non-negotiable instruments and evidences of indebtedness, and to secure the payment of any thereof, and of the interest thereon by mortgage upon or pledge, conveyance or assignment in trust of the whole or any part of the property of the corporation, whether at the time owned or thereafter acquired, and to sell, pledge or otherwise dispose of such bonds or other obligations of the corporation for its corporate purposes.

To purchase, receive, take by grant, gift, devise, bequest or otherwise, lease, or otherwise acquire, own, hold, improve, employ, use and otherwise deal in and with real or personal property, or any interest therein, wherever situated, and to sell, convey, lease, exchange, transfer or otherwise dispose of, or mortgage or pledge, all or any of the corporation's property and assets, or any interest therein, wherever situated.

To enter into partnership or joint venture agreements with other corporations, partnerships or individuals.

In general, to possess and exercise all the powers and privileges granted by the General Corporation Law of Washington or by any other law of Washington or by this document together with any powers incidental thereto, so far as such powers and privileges are necessary or convenient to the conduct, promotion or attainment of the business or purposes of the corporation.

The business and purposes specified in the foregoing clauses shall, except where otherwise expressed, be in nowise limited or restricted by reference to, or inference from, the terms of any other clause in this document, but the business and purposes specified in each of the foregoing clauses of this article shall be regarded as independent business and purposes.

Efforts continue to be made to sublease the 8550 Bryn Mawr property. There have been no further developments with respect to Golconda in the S.E.C. matter and the Fendler case. Mr. Stogin presented the need for a resolution relating to the Environmental Protection Act. The following resolution was duly adopted:

Whereas, Golconda Corporation will from time to time be required to file various documents, applications and other forms under various environmental protection laws,

Therefore, be it resolved, that the President, Executive Vice President or any Vice President, as officers of Golconda Corporation, are hereby

authorized to sign applications, execute compliance plans, to cause or allow the construction, modification and operation of equipment covered thereunder and to perform any and all such acts as they may deem necessary to accomplish the purposes and objectives of environmental protection laws, further

The Secretary, or Assistant Secretary, is hereby authorized to certify this resolution and the authority of the officer(s) executing documents or performing acts hereunder.

Mr. Stogin presented certain sections of the By-Laws which required amendments. After due consideration, the following amendments were unanimously adopted:

ARTICLE III, Section 1  
Presently reads as follows:

"Directors

Section 1. The number of directors which shall constitute the whole board shall be eleven. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 2 of this Article, and each director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders."

Amended to read:

"Directors

Section 1. The number of directors which shall constitute the whole board shall be ten. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 2 of this Article, and each director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders."

ARTICLE V, Section 1

Presently reads as follows:

"Officers

Section 1. The officers of the corporation shall be chosen by the board of directors, and shall be a chairman of the board, chairman of the executive committee, vice chairman of the board, a president, a vice president, a secretary and a treasurer. The

board of directors may also choose additional vice presidents, and one or more assistant secretaries and assistant treasurers. Any number of offices may be held by the same person, unless the certificate of incorporation or these by-laws otherwise provide.

Amended to read as follows:

"Officers

Section 1. The officers of the corporation shall be chosen by the board of directors, and shall be a chairman of the board, chairman of the executive committee, a president, a vice president, a secretary and a treasurer. The board of directors may also choose additional vice presidents, and one or more assistant secretaries and assistant treasurers. Any number of offices may be held by the same person, unless the certificate of incorporation or these by-laws otherwise provide."

ARTICLE V, Section 6

Presently reads as follows:

"THE CHAIRMAN OF THE BOARD AND VICE CHAIRMAN OF THE BOARD

Section 6. The chairman of the board shall preside over the meetings of the board of directors and of the stockholders, and shall perform such other services as are assigned to him by the board of directors. In the absence of the chairman or in the event of his inability or refusal to act, the vice chairman shall perform the duties of the chairman, and, when so acting, shall have all the powers of and be subject to all the restrictions upon the chairman."

Amended to read as follows:

"THE CHAIRMAN OF THE BOARD AND PRESIDENT

Section 6. The chairman of the board shall preside over the meetings of the board of directors and of the stockholders, and shall perform such other services as are assigned to him by the board of directors. In the absence of the chairman or in the event of his inability or refusal to act, the president shall perform the duties of the chairman, and, when so acting, shall have all the powers of and be subject to all the restrictions upon the chairman."

ARTICLE VII, Section 5

Presently reads as follows:

"FIXING RECORD DATE

Section 5. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, to entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance of such action, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

Amended to read as follows:

"FIXING RECORD DATE

Section 5. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporation action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance of such action, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting. In the event dividends are declared, stock transfer books will not be closed but the transfer agent will take a record of all stockholders entitled to the dividend without actually closing the books for transfers of stock."

Copies of the proxy material which will be filed with the Securities and Exchange Commission were presented. The Board authorized the filing of the Proxy and Notice, and authorized

Mr. Stogin to complete the proxy material and to respond to any comments of the S.E.C. The Board ratified the slate, the record date, the time and place of the meeting and the proxies.

Purchase of Preferred Shares and Debentures - Gordon P. Smith

Mr. Smith reported that 14,664 shares of Preferred Stock had been purchased at a total cost of \$192,407. In addition, \$453,000 face amount of Debentures had been purchased at a cost of \$389,372. This represents approximately 78% of the authorization of \$750,000. Mr. Smith recommended that temporarily the purchase of Preferred Stock and Debentures be halted. The matter was opened for discussion with most of the members participating. Mr. Keith offered his comments. After further discussion, it was unanimously agreed that purchases would be halted temporarily, but could be resumed.

New Banking Relationships - Gordon P. Smith

Mr. Smith reviewed the situation with respect to the American National Bank, The First National Bank and the Central National Bank. Mr. Brenner offered his comments. The Board adopted the standard forms of bank resolutions with the present signatures.

Investor Relations Program - Gordon P. Smith

Mr. Smith recapped the meetings which have taken place with analysts in various cities. He noted that the next meeting was scheduled for February 15 in Seattle.

American Stock Exchange Listing - Gordon P. Smith

Mr. Smith recapped the discussions and meetings which have taken place to date with the staff of the American Stock Exchange.

Annual Meeting - Gordon P. Smith

As ratified earlier by the members in connection with the proxy, Mr. Smith commented on the Annual Meeting being held in San Francisco and the large number of shareholders in California. He reported that The Stanford Court, the site for the Annual Meeting is a very acceptable location.

Acquisition Program Progress

Mr. Smith reported that there was nothing to bring before the Board at this time.

The Board of Directors went into Executive session at 1:15 P.M. Messrs. Adams, Stogin, Watson and Keith left the meeting.

The meeting was adjourned at 2:00 P.M.

APPROVED:

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Secretary

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Chairman

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MINUTES OF MEETING  
OF THE  
EXECUTIVE COMMITTEE  
OF  
GOLCONDA CORPORATION

The meeting of the Executive Committee of Golconda Corporation was held on Wednesday, February 28, 1973 at 9:00 A.M. at the Corporate Offices located at 4201 West Peterson Avenue, Chicago, Illinois. The following members were present:

Gordon P. Smith  
Ray M. Dunn  
Harry F. Magnuson  
Richard S. Sloma  
Donald W. Adams, ex-officio  
John M. Stogin, ex-officio.

Absent was Philip A. Toft.

Present as guests were: R. R. Del Presto, J. W. Hasselbring, Richard H. Watson and Donald V. Ytterberg.

The Chairman, Gordon P. Smith, called the meeting to order at 9:09 A.M. Mr. Dunn moved, and Mr. Sloma seconded, the approval of the Minutes of the Executive Committee meeting of January 23, 1973, which were then unanimously approved.

Personnel Matters - R. H. Watson

Mr. Watson began the formal presentation part of the meeting by reviewing the status of the 1973 benefits program. All action described is within the framework of the budget and the profit plan. The annual cost of the benefits is \$65,000, of which only \$42,000 will be incurred in 1973. He went on to describe the "Supermarket" benefits approach as well as the retirement plan changes for hourly and salaried employees. Major medical lifetime benefits will be increased from \$20,000 to \$30,000. A discussion ensued as to the unfunded liability for pensions. Mr. Watson next discussed union activity at RegO. Both the Machinists' and Teamsters' Unions are currently campaigning. Neither seems to be in a position now to petition, but it is likely that a petition will be forthcoming some time in the future.

Review of Manufacturing Operations -

Anderson Copper and Brass - D. B. Ytterberg

Mr. Ytterberg distributed the mid-month forecast and reviewed the data, pointing out that the profit for January was

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ahead of plan and forecast. He anticipates that order intake for February may hit \$260,000. Sales have been good and inventory is holding. A night shift will be starting soon. Recruiting screw machine operators has been difficult. Mr. Smith questioned the profit ratio. Mr. Sloma will report the results of his review to Mr. Smith.

Bastian-Blessing Division - R. R. Del Presto

In reviewing the mid-month forecast, Mr. Del Presto called attention to the fact that the January forecast was met. A profit was achieved as compared to a planned loss for January. Progress has been made on accounts receivable, but more remains to be done. He commented that the Carpenters' strike has been settled on basically the terms originally proposed. Sheetmetal negotiations are proceeding well. February order intake had been forecast at \$3.4 million, but should reach \$5.4 million, as a result of McDonald's orders. Mr. Smith asked what action was being taken to avoid the year-end inventory adjustment. Mr. Del Presto reported that a physical inventory will be taken at the end of March, possibly April, and that various accounting controls are being reviewed by Mr. Adams. The Committee commended Mr. Del Presto for the results achieved under the difficult circumstances.

Pioneer-Astro Industries Division - J. W. Hasselbring

The mid-month forecast indicates that Pioneer-Astro was on target in January, compared to the previous forecast. February sales will be less than planned but a better mix should help the profit ratio. Order intake is good and April projects a profit. Inventory will increase for a while. Order intake and backlog was analyzed and discussed in detail. A breakeven by the end of July is anticipated.

(Mr. R. H. Watson left the meeting at this point.)

Mid-May is the target date for production under the Gauge Program.

(Mr. Hasselbring left the meeting after his presentation.)

RegO Division - R. S. Sloma

Mr. Sloma reviewed the mid-month forecast, pointing out that profit after tax was equal to forecast. Order intake was in excess of forecast. Inventories were up and accounts receivable were below forecast. He commented that February sales results would depend upon the end of the month shipments, but profit, after tax, should equal the forecast of



\$155,000. A substantial curtailment of material input was accomplished during February. Mr. Smith raised various questions relating to the marginal sales vs. marginal profits, to which Mr. Sloma responded. Mr. Sloma went on to describe the weekly control program which has been instituted and the new marketing approach to be launched at the May convention; namely, the "750 Program".

Messrs. R. R. Del Presto and D. V. Ytterberg were excused from the meeting.

Mr. Smith commented about the non-reporting profit centers; namely, Golconda Metals Division, International Division and RDC. There was a discussion about the need for having reports on these operations.

#### Review of Golconda Mining Activities - H. F. Magnuson

Mr. Magnuson reported that the price of silver was up dramatically. Handy and Harman has issued a bullish report. The current international monetary situation has also had an effect on the price of silver. The Alice Con Amendment has been received and Alice Con has signed the Amendment and sent it on for other signatures.

#### Review of 1973 Financial Matters - D. W. Adams

Mr. Adams reported that for the January '73 v. '72 Year to Date period, each division is ahead of plan on sales. This is also true of profit contribution. In total, the company is ahead of last year. He highlighted the status of accounts receivable and inventory, and reported on reserves. Mr. Dunn questioned the level of accounts payable, which was then discussed. The mid-month forecast, with comments, was issued. Mr. Adams called attention to the fact that there would be a first quarter profit in '73 compared to a loss in '72. Every division has exceeded the planned order intake. Total results should be on target with the plan.

#### Legal Matters - J. M. Stogin

Mr. Stogin reported on the final cancellation of the 8550 Bryn Mawr Lease. The Board approved R. S. Sloma as a proxy for Eisfink-Bastian-Blessing. They authorized Messrs. Smith and Sloma to execute the necessary resolutions, etc.

#### Banking Relationships - Gordon P. Smith

Mr. Smith reported that in keeping with the direction of the Board, new banking relationships have been instituted with The First National Bank of Chicago.

#### Report on Progress of the American Stock Exchange Listing - Gordon P. Smith

Mr. Smith reported on the status of the listing application,

which is still pending. The listing on regional Exchanges were reviewed and it was decided that after listing on the American is approved, the company should proceed with delisting for the National Stock Exchange.

Investor Relations Program - Gordon P. Smith

Mr. Smith reported on the Seattle meeting and pointed out that future meetings would be held in Boston, Salt Lake, Philadelphia and St. Louis. The company will be participating in the Institutional Investors Conference - EXPO '73 in a few weeks. An interview with the Wall Street Journal is scheduled for March 16.

Acquisition Program Progress - Gordon P. Smith and R. S. Sloma

Mr. Smith commented on the 46 cent profit plan goal and the importance of acquisitions to increased earnings. Mr. Sloma described a recent assignment to Mr. Hasselbring in connection with potential acquisitions for Pioneer. A letter from John Enander was read for the members describing acquisition activities.

Other Division's Report - R. S. Sloma

In keeping with an earlier discussion during the meeting, Mr. Sloma now presented information on the Golconda Metals Division, reviewing the implementation status report. The initial production run is targeted for June, 1973. Metal rod production is scheduled for October 15, 1973. Mr. Sloma reviewed the objectives for International Marketing. He went on to offer comments about RDC.

Proxy Report - J. M. Stogin

Mr. Stogin presented a copy of a letter being sent to all of the directors, advising that as of this date enough proxies have been received to elect the slate nominated in the proxy.

Report on Plans for Annual Meeting - Gordon P. Smith

Details for the Annual Meeting were reviewed as planned and Messrs. Sloma and Smith will make an audio visual presentation.

There being no further business to come before the Committee, the meeting was adjourned at 3:30 P.M.

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Secretary

APPROVED:

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Chairman

MINUTES OF MEETING  
OF THE  
EXECUTIVE COMMITTEE  
OF  
GOLCONDA CORPORATION

The meeting of the Executive Committee of Golconda Corporation was held on Wednesday, March 28, 1973 at 9:00 A.M. in the Gold Room of The Stanford Court, San Francisco, California. The following members were present:

Gordon P. Smith  
Ray M. Dunn  
H. F. Magnuson  
Richard S. Sloma  
Donald W. Adams, ex-officio  
John M. Stogin, ex-officio

Also present were: Wray Featherstone, Walter L. Sly and Richard H. Watson.

Absent was Philip A. Toft.

The Chairman, Gordon P. Smith, called the meeting to order at 9:00 A.M. Mr. Dunn moved, and Mr. Sloma seconded, approval of the Minutes of the Executive Committee meeting of February 28, 1973. The Minutes were unanimously approved as submitted.

President's Report on Golconda's Progress and Goals - Gordon P. Smith

Mr. Smith reviewed the Quarterly Report being mailed to shareholders. He continued with a review of the earnings history of the company. At this point a discussion ensued regarding the past dividend policy of the company and alternatives with respect to future dividend policy. Mr. Smith described further the new banking relationship with The First National Bank of Chicago. He reported on favorable comments received at the Seattle meeting with analysts, and as part of the investor relations program his interview with the Wall Street Journal. He commented on his contact with Henry G. Riter of the American Stock Exchange regarding current developments. Mr. Smith then described the program for the Shareholders' meeting and presented the slide presentation. The Committee agreed to request the Board to extend the authority to purchase preferred shares and debentures of Golconda beyond the one-year period.

Report on Personnel Matters - R. H. Watson

Mr. Watson reported on the contract settlements. The three

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year weighted average cost is approximately 5.2 to 5.3%. Sub-contract rights have been preserved, and a "No Strike Agreement" entered into with the Sheet Metal Workers' Union. The Teamsters and Machinists' Unions are still seeking cards at the RegO Division. The labor situation is presently healthy from RegO's viewpoint. Mr. Dunn inquired as to the Employee Relations Program recently presented to the Committee. Mr. Watson replied that action is being taken in response to situations disclosed by the Program. Mr. Watson then presented an update of a runner-up chart for managerial positions. He discussed the strength and needs for the future and the objective of developing a strong managerial team.

Report on Golconda Mining Corporation - H. F. Magnuson

Mr. Magnuson reported that in March the price of silver consolidated after the sharp run-up in February. Hecla has obtained a favorable IRS Ruling for their Lake Shore financing. The Alice project has been finalized and Messrs. Featherstone and Hess are preparing a report to Alice shareholders. There was a general discussion about the Alice project, with inquiries from Mr. Dunn regarding formal plans with respect to the holdings of Alice Consolidated. Mr. Smith requested Mr. Magnuson to evaluate the entire portfolio for the next Executive Committee meeting.

Report on Corporate and Financial Matters - D. W. Adams

Mr. Adams reviewed data for the first quarter, commenting that each Division has contributed to profit. Mr. Dunn questioned the relative changes in sales levels and cost of goods sold. There was a discussion on the relationship between cost of goods and sales. Mr. Adams distributed various financial reports, including the mid-month forecast which was reviewed in detail. He commented on various balance sheet items, primarily accounts receivable and inventory turnover. A proposed method of financing the building and equipment at the Golconda Metals Division was described and discussed. The Executive Committee was favorably disposed and unanimously agreed to proceed with the proposed financing.

Report on Manufacturing Operations - R. S. Sloma

Golconda Metals Division - Mr. Sloma distributed the implementation status report, pointing out that plans are on target with no major problems at this time.

RegO Distribution Center. Consideration is being given to the establishment of a branch in New England in the near future.

International Division. Mr. Sloma reported on the status of RegO Europe, Messenger's Agreement, Eisfink-Bastian-Blessing and RegO Far East.

Anderson Copper and Brass Division. The mid-month forecast was distributed, highlighting very good order intake in March.

Bastian-Blessing Division. The mid-month forecast was presented. Mr. Sloma commented that the plan was being maintained, despite the recent strike. There are no major problems facing the Division. Work is currently taking place on a potential price increase. A physical inventory will be taken at the end of April. Performance continues strong and the outlook is confident.

RegO Division. The mid-month forecast was distributed and reviewed. The "RegO 50" Program will be forthcoming. Mr. Sloma described the first steps in that program.

Pioneer Astro Industries Division. The mid-month forecast was presented and reviewed. March order intake is indicated at \$770,000. RegO's Gauge order had a major part in that intake. Operations in April should be at a profitable level. A forward aging of backlog was reviewed. Mr. Sloma presented an acquisition program for the Pioneer Division for study and later action. Mr. Sloma sought approval to proceed to acquire the candidates within the limits of the proposal in order to have a closing in April.

#### Report on Acquisition Explorations - R. S. Sloma

Mr. Sloma presented an acquisition report, pointing out that 17 out of 32 possible candidates were either rejected or declined for other reasons. There are 13 potential acquisitions pending totaling \$43,000,000 in sales. A general discussion ensued regarding the importance of acquisitions to earnings.

#### Report on Legal Matters - J. M. Stogin

Mr. Stogin reviewed the following resolutions to be presented to the Board at tomorrow's meeting:

1. Pension resolutions,
2. Alice Consolidated Agreement,
3. Preferred Dividends,
4. Security Clearance.

He reported on the procedure to be followed at the Shareholders' meeting and proxies received to date. He pointed out that the Board will have to act upon a proxy to be named to vote the shares of Hecla owned by Golconda Corporation at the forthcoming Annual Meeting of Hecla. The matter of the Arthur M. Hyde Trust dissent

to the merger was discussed and will be presented to the Board.

Recommendation of Meeting Dates for the Ensuing Year -  
Gordon P. Smith

Mr. Smith presented recommended meeting dates for the Committee and the Board for the coming year. The Committee agreed that its regular meetings would be held on the following dates:

April 25, 1973  
May 23, 1973  
June 27, 1973  
July 25, 1973  
August 22, 1973  
September 26, 1973


October 24, 1973  
November 28, 1973  
December 27, 1973  
January 23, 1974  
February 27, 1974  
March 27, 1974.

All meetings will begin at 9:00 A.M. and will be held at the Corporate Offices in Chicago, unless the members are otherwise notified.

There being no further business to come before the meeting, the meeting was adjourned at 3:00 P.M.

  
Secretary

Approved:

  
Chairman

MINUTES OF MEETING  
OF THE  
BOARD OF DIRECTORS  
OF  
GOLCONDA CORPORATION

The meeting of the Board of Directors of Golconda Corporation was held on Thursday, March 29, 1973 at The Stanford Court located in San Francisco, California. The following members were present:

Daniel L. Brenner  
Ray M. Dunn  
Wray Featherstone  
H. F. Magnuson  
A. D. Martin  
Richard S. Sloma  
Walter L. Sly  
C. Arnholt Smith  
Gordon P. Smith  
Philip A. Toft.

Present as guests were: D. W. Adams, J. M. Stogin, Richard H. Watson and C. Hugh Friedman of Friedman, Heffner, Kahan & Dysart.

The Chairman, Mr. C. A. Smith, called the meeting to order at 12:55 P.M. The Minutes of the January 25, 1973 meeting having been previously distributed to the members and reviewed by them were moved for adoption, seconded and unanimously approved.

Election of Officers - C. Arnholt Smith

The matter of the election of officers of Golconda Corporation was presented to the members. The present officers, consisting of:

C. Arnholt Smith	Chairman
Gordon P. Smith	President and
	Chief Executive Officer
Richard S. Sloma	Executive Vice President and
	Chief Operating Officer
Donald W. Adams	Vice President - Finance and
	Treasurer
John M. Stogin	Vice President - Corporate
	Counsel and Secretary
Richard H. Watson	Vice President - Personnel and
	Organizational Planning
Wray Featherstone	Vice President and President of
	Golconda Mining Corporation
R. R. Del Presto	Vice President - Bastian-Blessing
	Division
J. W. Hasselbring	Vice President - Pioneer Astro
	Industries Division
D. L. Hess	Assistant Secretary
Paul R. Napholz	Assistant Secretary,

were unanimously re-elected. Mr. Sloma nominated Donald V. Ytterberg,

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presently Vice President of the Anderson Copper and Brass Division, as a Corporate Vice President. Mr. Ytterberg was unanimously elected a Corporate Vice President, with the title Vice President - Anderson Copper and Brass Division. Mr. Watson was unanimously named an ex-officio member of the Board to serve with Messrs. Adams and Stogin in that same capacity.

The Chairman presented to the members a recommendation that the position of Vice Chairman of the Board of Directors be re-instituted. Mr. Gordon P. Smith recommended that the By-Laws specifically provide for the position of Executive Vice President. After discussion, it was unanimously resolved that the By-Laws be amended to provide for the positions of Vice Chairman and Executive Vice President. The amended sections of the By-Laws are attached to these Minutes and incorporated herein by reference. The Secretary was directed to take the necessary steps to make the By-Law changes effective. Mr. Gordon P. Smith was nominated for the additional position of Vice Chairman. The nomination was seconded and unanimously approved. (Gordon P. Smith abstaining).

#### Committees of the Board of Directors - C. Arnholt Smith

The existing Committees of the Board consisting of the Executive Committee, comprised of Messrs. Dunn, Magnuson, Sloma, G. P. Smith and Toft, and the Compensation Committee, comprised of Messrs. Brenner, Dunn and Toft, were unanimously re-elected. Changes in compensation for Messrs. Adams and Stogin, previously approved and recommended by the Compensation Committee were unanimously approved by the Board.

#### President's Report on Golconda Progress and Goals - Gordon P. Smith

Mr. Smith reported on the First Quarter results as contained in the report being mailed to shareholders. He went on to describe the current status of the listing application for the American Stock Exchange, and recent efforts relating to investor relations. The change has been made to The First National Bank of Chicago, the interest rate on the company's loans at that bank will be the prime rate.

#### Personnel Matters - R. H. Watson

Mr. Watson gave a progress report on labor relations throughout the company. He highlighted the settlements achieved with the Sheet Metal Workers' Union and the Carpenters' Union at Grand Haven, Michigan. He described action that is taking place at the RegO Division in relation to union activity.

#### Corporate Financial Matters - D. W. Adams

Mr. Adams reported that each Division contributed to profit



results for the current period. He pointed out that management of assets continues to be somewhat of a problem, specifically in the areas of accounts receivable collections and inventory levels. He described the financial plan for the construction of the Golconda Metals Division's facilities in Alsip, Illinois. After discussion, the following resolution was unanimously adopted:

RESOLVED, that the Executive Committee of Golconda Corporation is hereby authorized and empowered on behalf of the Board of Directors of Golconda Corporation to take any and all action necessary to carry out a plan of financing for the Golconda Metals Division's building and equipment requirements in Alsip, Illinois.

**Golconda Mining Corporation Activities - Wray Featherstone**

Mr. Featherstone reported on the status of the Alice Consolidated Agreement Amendment. A discussion concerning the recent developments with respect to the negotiation of amendment of the Assignment and Agreement with Hecla Mining Company involving the "Alice" Area Operating Agreement and "South Morning" Lease and Agreement then took place. It was stated that as a result of the negotiations, an amendment to this agreement had been executed by the officers of the various companies subject to approval by their respective Boards of Directors. It was stated that the amendment provides for described exploration of the Alice property and under certain conditions the South Morning property from the Morning No. 6 Tunnel level and that this work would be done in lieu of other minimum work requirements involving construction of a surface plant on the Alice property. After further discussion of the terms of these amendments, a motion was made and duly seconded and unanimously approved, (with Mr. Magnuson abstaining, he being a Director of Alice Consolidated Mines, Inc. and Hecla Mining Company,) as follows:

BE IT FURTHER RESOLVED, that the First Amendment to Assignment and Agreement between the Company and Hecla Mining Company which was executed by the officers of the Company on February 27, 1973, subject to approval by the Board of Directors and which amendment to the Assignment and Agreement of April 3, 1970 reflects the changes which had been made in the Alice Agreement and South Morning Agreement is hereby approved, ratified and confirmed; and

BE IT FURTHER RESOLVED, that the officers of the Company are authorized to take such further steps as may be necessary to cause said agreements to become fully effective and operative.

Manufacturing Operations - R. S. Sloma

Mr. Sloma reported on results for the various Divisions involved in manufacturing operations.

Golconda Metals Division. On schedule with respect to building and equipment. Mr. C. A. Smith inquired as to potential savings. Mr. Sloma replied that return on investment should be greater than 20%. Obtaining a metallurgist for the division has been a problem up to now.

RegO Distribution Center. Working very well and a set up in New England is contemplated.

Anderson Copper and Brass. On plan and the order intake is very good.

Bastian-Blessing. Achieved the planned profit for the first quarter. The first half will be on plan in spite of the strike which occurred.

RegO Division. Order intake is very strong, which has caused certain problems in operations attempting to meet the high order intake levels. RegO is ahead of plan. "RegO 50" Phase I proposal will be forthcoming.

Pioneer Astro. Order intake has been revised upward and the Gauge program is going into effect. A profit is forecast for April. Copies of a proposed acquisition program for the Pioneer Division were distributed.

Mr. Gordon Smith commented on the importance of the acquisition program to the overall results of the company for fiscal 1973. There was significant discussion on this point, with all members participating. The question was raised as to the source of funds for acquisitions and it was indicated that proceeds from sales of Hecla shares would be used. At this point, the Chairman raised the question as to the total strategy for the use of Hecla proceeds. After substantial discussion, the acquisition proposal was tabled pending development of a total strategy regarding Hecla and other investments.

Status of Hecla and Other Investments - Gordon P. Smith

Mr. G. P. Smith reported on a prospect for the sale of Hecla shares. The Chairman commented on the fact that the attorneys were reviewing the situation so that they could give an opinion as to the saleability of the shares. The Board unanimously agreed to reaffirm the authority previously conferred to sell at the market or better with regular commissions payable based on comparable charges of a major broker or dealer. Any proceeds realized

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are initially to be used to minimize short-term debt and the balance put in certificates of deposit or like investments.

Legal Matters - J. M. Stogin

Mr. Stogin reviewed the situation with respect to dissenting shareholders - Arthur M. Hyde Trust. He was directed to communicate with the Trust and offer to purchase the shares at current market price, and, as an alternative, to pay as much as the \$8.00 originally offered the dissenters, if by so doing, litigation can be avoided. Forms of resolution required to implement previously agreed upon changes in the Pension Plan were presented and unanimously adopted. The resolutions are set forth in attachments to these minutes and are incorporated herein by reference. Mr. Stogin presented the need for appointment of a proxy to vote the company's holdings of Hecla shares at the forthcoming annual meeting of Hecla Mining Company. After discussion, the following resolution was adopted:

RESOLVED, that the corporation does hereby appoint Wray Featherstone and H. F. Magnuson, or either of them, its attorneys to attend and to vote all the shares of Hecla Mining Company standing in the name of this corporation or in the name of Golconda Mining Corporation at the Annual Meeting of the Shareholders of Hecla Mining Company called for April 27, 1973, and any adjournments thereof, upon any and all matters which may come before said meeting; and

RESOLVED, that the President and Secretary of the corporation be authorized and directed to prepare and execute a proxy in proper form evidencing the authority of said attorneys to vote the shares of Hecla Mining Company standing in the corporation's name or the name Golconda Mining Corporation (the name of the corporation prior to September 10, 1970) and to take all action at such meeting on behalf of this corporation which the officers of this corporation might take if personally present.

A resolution was presented for the regular quarterly preferred dividend of \$.25 per share. The following resolution was unanimously adopted:

RESOLVED, that the regular quarterly preferred dividend of twenty-five cents (\$.25) per share is hereby declared. The record date therefor is April 16, 1973 and payment date May 7, 1973. The disbursing agent is directed to disburse said dividend to such record holders of the preferred stock of Golconda Corporation, and

RESOLVED FURTHER, that the Secretary is hereby declared and authorized to certify this resolution

and to affix the seal of this Corporation hereto; and he is directed and authorized to lodge the same with the transfer agents of the preferred stock, and to take such other steps and perform any and all such further acts as may be necessary and proper to carry out the intents and purposes of the forgoing resolution."

Security clearance requirements were next discussed and the resolution in the form attached to these minutes and incorporated herein by reference was unanimously adopted. The necessity for a resolution for the Old National Bank of Washington was next presented, and the members unanimously adopted the following resolution:

BE IT RESOLVED that any two of the following:

Gordon P. Smith	President
Wray Featherstone	Vice President
Donald W. Adams	Vice President - Finance and Treasurer
J. M. Stogin	Vice President-Corporate Counsel and Secretary
D. L. Hess	Assistant Secretary

of this Company, shall have full power and authority to borrow money from, discount bills or accounts receivable or other negotiable paper with, or obtain credit for the Company from Old National Bank of Washington, Spokane, Washington, for and in the name of the Company, in such manner and amounts and upon such terms as in his (their) judgment this Company may require, and to make, draw, accept, endorse, execute and deliver promissory notes, bills of exchange, bills of lading, warehouse receipts or other negotiable instruments, or extension or extensions, renewal or renewals thereof, and as security thereof, to grant security interests in any stocks, bonds, promissory notes, accounts receivable, bills of lading, warehouse receipts, security agreements or other instruments or property, and also from time to time to substitute for said property or any part thereof other property to be held upon like terms, and to execute and deliver all instruments of assignment and/or transfer as may be necessary in connection therewith, and to make, execute and deliver such real estate mortgages, security agreements, and other documents and security instruments as may be necessary or required by said Bank to provide security for any sum or sums borrowed therefrom.

BE IT FURTHER RESOLVED that Old National Bank of

Washington, Spokane, Washington, shall have, by reason of these resolutions, full right and authority to rely upon the same, and they shall be binding upon this Company until rescinded or modified by resolution of its Board of Directors, and a copy thereof served upon said Bank."

Mr. Stogin presented a recommendation that the other investments held by Golconda be transferred to Golvest in exchange for shares of its capital stock, as were the shares of Hecla. After discussion, a resolution in the form attached and incorporated herein by reference was unanimously adopted.

Recommendation of Board Meeting Dates for the Ensuing Year -  
Gordon P. Smith

Mr. G. P. Smith presented his recommendations as to the dates for regular meetings for the Board of Directors for the ensuing year. After discussion, the following dates were unanimously adopted as dates for regular meetings of the Board of Directors:

June 28, 1973  
September 27, 1973

December 28, 1973  
March 28, 1974.

Unless notice is given otherwise, all meetings of the Board will begin at 9:00 A.M. and be held at the Corporate Offices, 4201 West Peterson Avenue, Chicago, Illinois.

Purchase of Preferred Stock and Debentures - J. M. Stogin

Mr. Stogin pointed out that the initial authority for purchasing preferred shares and debentures of Golconda Corporation covered a one-year period which will expire within the next couple of months. After discussion, it was unanimously agreed to extend the authority to purchase preferred stock and debentures up to the previously authorized \$750,000. Mr. Stogin was directed to obtain any necessary approvals from the Securities and Exchange Commission.

There being no further business to come before the meeting, the meeting was adjourned at 2:38 p.m.

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Secretary

APPROVED:

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Chairman

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LS 002248

GOLCONDA CORPORATION  
AMENDMENT TO THE BY-LAWS

ARTICLE V, Section 1

Amended to read as follows:

"Officers

Section 1. The officers of the corporation shall be chosen by the board of directors, and shall be a chairman of the board, a vice chairman of the board, a chairman of the executive committee, a president, an executive vice president, a vice president, a secretary and a treasurer. The board of directors may also choose additional vice presidents, and one or more assistant secretaries and assistant treasurers. Any number of offices may be held by the same person, unless the certificate of incorporation or these by-laws otherwise provide."

ARTICLE V, Section 2

Amended to read as follows:

"Section 2. The board of directors at its first meeting after each annual meeting of stockholders shall choose a chairman of the board, a vice chairman of the board, a president, an executive vice president, one or more vice presidents, a secretary and a treasurer."

ARTICLE V, Section 6

Amended to read as follows:

"THE CHAIRMAN OF THE BOARD AND VICE CHAIRMAN OF THE BOARD

Section 6. The chairman of the board shall preside over the meetings of the board of directors and of the stockholders, and shall perform such other services as are assigned to him by the board of directors. In the absence of the chairman or in the event of his inability or refusal to act, the vice chairman shall perform the duties of the chairman, and, when so acting, shall have all the powers of and be subject to all the restrictions upon the chairman."

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GOLCONDA CORPORATION

AMENDMENT TO THE BY-LAWS

ARTICLE V, Section 8

Amended to read as follows:

"THE EXECUTIVE VICE PRESIDENT AND VICE PRESIDENTS

Section 8. The executive vice president shall be the chief operating officer of the corporation. In the absence of the president or in the event of his inability or refusal to act, the vice president (or in the event there be more than one vice president, the vice presidents in the order designated, or in the absence of any designation, then in the order of their election) shall perform the duties of the president, and, when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The vice presidents shall perform such other duties and have such other powers as the board of directors may from time to time prescribe."

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WHEREAS, this Corporation now maintains the Golconda Corporation Retirement Plan for Salaried Employees, as amended; and

WHEREAS, this Board of Directors deems it desirable to amend said retirement plan for salaried employees;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED, that said retirement plan for salaried employees be, and it hereby is, amended effective January 1, 1973 for all eligible Employees retiring thereon or thereafter, as follows:

The figure "40%" appearing in Sections 5.1 (a) and 5.1 (b) is revised to "45%."

BE IT FURTHER RESOLVED, that the officers of this Corporation be and they are hereby authorized and directed to take such other actions as they may consider necessary, advisable or desirable to carry out the purpose and intent of the foregoing resolution, including without limitation, the execution and delivery of any necessary instruments, and the submission thereof to the District Director of Internal Revenue for a determination that said plan and trust continue to meet the requirements of Section 401 (a) and other applicable provisions of the Internal Revenue Code of 1954, as amended, and to take such actions as may be necessary or desirable to obtain and maintain such determination.

LS 002251



WHEREAS, this Corporation now maintains the Golconda Corporation Pension Plan for Hourly Employees, as amended; and

WHEREAS, this Board of Directors deems it desirable to amend said pension plan for hourly employees;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED, that said pension plan for hourly employees be, and it hereby is, amended in the following particulars:

1. Effective as of January 1, 1972, Section 2.1(c) (8) shall read as follows:

"the maximum number of years of Continuous Service that shall be counted for the purpose of determining benefits is

- (i) Thirty (30) years for any Employee whose employment with the Company was terminated before July 1, 1966, or
  - (ii) Thirty-five (35) years for any Employee whose employment with the Company was terminated on or after July 1, 1966 but before January 1, 1972, or
  - (iii) No maximum number of years for any Employee whose employment with the Company is terminated, on or after January 1, 1972."
2. Effective as of January 1, 1973, the following language is added to Section 5.1:  
  
After "...December 31, 1970," insert "but before January 1, 1973."  
  
"If his employment with the Company is terminated after December 31, 1972, the monthly normal retirement benefit, commencing on an eligible Employee's normal retirement date, shall be an amount determined by multiplying the appropriate Monthly Benefit from the table

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below by the number of years of his  
Continuous Service:

<u>Final Hourly Base Pay Rate</u>	<u>Monthly Benefit</u>
Less than \$4.00	\$5.25
\$4.00 or more but less than 4.75	5.50
4.75 or more but less than 5.50	5.75
5.50 or more but less than 6.25	6.00
6.25 or more	6.25".

BE IT FURTHER RESOLVED, that the officers of this Corporation be and they are hereby authorized and directed to take such other actions as they may consider necessary, advisable or desirable to carry out the purpose and intent of the foregoing resolution, including without limitation, the execution and delivery of any necessary instruments, and the submission thereof to the District Director of Internal Revenue for a determination that said plan and trust continue to meet the requirements of Section 401 (a) and other applicable provisions of the Internal Revenue Code of 1954, as amended, and to take such actions as may be necessary or desirable to obtain and maintain such determination.

LS 002253

WHEREAS, this Corporation now maintains the Golconda Corporation Pension Plan for Local No. 893, United Brotherhood of Carpenters and Joiners of America, as amended; and

WHEREAS, this Board of Directors deems it desirable to amend said pension plan for Local No. 893;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED, that said pension plan for Local No. 893 be and it hereby is amended effective February 28, 1973, in the following particulars:

1. Section 5.1 (f) after "November 30, 1971" insert "and before February 28, 1973."

2. Add to Section 5.1:

"(g) \$5.25 times the number of years of his Continuous Service up to a maximum of 30 years of such Continuous Service, if his employment with the Company is terminated on or after February 28, 1973 and before December 1, 1973."

"(h) \$5.75 times the number of years of his Continuous Service up to a maximum of 30 years of such Continuous Service, if his employment with the Company is terminated on or after December 1, 1973 and before December 1, 1974."

"(i) \$6.25 times the number of years of his Continuous Service up to a maximum of 30 years of such Continuous Service, if his employment with the Company is terminated on or after December 1, 1974."

BE IT FURTHER RESOLVED, that the officers of this Corporation be and they are hereby authorized and directed to take such other actions as they may consider necessary, advisable or desirable to carry out the purpose and intent of the foregoing resolution, including without limitation, the execution and delivery of any necessary instruments, and the submission thereof to the District Director of Internal Revenue for a determination that said plan and trust continue to meet the requirements of Section 401 (a) and other applicable provisions of the Internal Revenue Code of 1954, as amended, and to take such actions as may be necessary or desirable to obtain and maintain such determination.

LS 002254

WHEREAS, this Corporation now maintains the Golconda Corporation Pension Plan for Local No. 430, International Association of Sheet Metal Workers, as amended; and

WHEREAS, this Board of Directors deems it desirable to amend said pension plan for Local No. 430;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED, that said pension plan for Local No. 430 be, and it hereby is, amended effective March 1, 1972 in the following particulars:

1. Section 5.1(g), after "March 1, 1971" insert "and before March 1, 1972."

2. Add to Section 5.1:

"(h) \$5.00 times the number of years of his Continuous Service up to a maximum of 37 years of such Continuous Service, if his employment with the Company is terminated on or after March 1, 1972 and before September 3, 1973."

"(i) \$5.25 times the number of years of his Continuous Service up to a maximum of 37 years of such Continuous Service, if his employment with the Company is terminated on or after September 3, 1973 and before September 2, 1974."

"(j) \$5.75 times the number of years of his Continuous Service up to a maximum of 37 years of such Continuous Service, if his employment with the Company is terminated on or after September 2, 1974 and before September 1, 1975."

"(k) \$6.25 times the number of years of his Continuous Service up to a maximum of 37 years of such Continuous Service, if his employment with the Company is terminated on or after September 1, 1975."

BE IT FURTHER RESOLVED, that the officers of this Corporation be and they are hereby authorized and directed to take such other actions as they may consider necessary, advisable or desirable to carry out the purpose and intent of the foregoing resolution, including without limitation, the execution and delivery of any necessary instruments, and the submission thereof to the District Director of Internal Revenue for a determination that said plan and trust continue to meet the requirements of Section 401 (a) and other applicable provisions of the Internal Revenue Code of 1954, as amended, and to take such actions as may be necessary or desirable to obtain and maintain such determination.

LS 002255

WHEREAS, it has been brought to the attention of the Board of Directors of Golconda Corporation with its principal office and place of business at 4201 West Peterson Avenue, in the city of Chicago, State of Illinois, that in connection with Facility Security Clearance, the Chairman of the Board, all principal officers, such as, President, Senior Vice President, Secretary, Treasurer, and those occupying similar positions, and a legal quorum of the Board of Directors are required to be cleared by the Department of Defense; and

WHEREAS, other Officers and Directors, who shall not require access to classified information in the conduct of the organization's business and who do not occupy positions that would enable them to affect adversely the organization's policies or practices in the performance of classified contracts, are not required to be cleared, provided the Board of Directors by formal action affirms, and make a matter of record in the minutes of the Board of Directors, that

RESOLVED: The following named individuals who are officers and/or directors shall not be required, shall not have, and can be effectively excluded from, access to all classified information in the possession of the organization and do not occupy positions that would enable them to affect adversely the organization's policies or practices in the performance of classified contracts or programs for the USER Agencies:

<u>NAME</u>	<u>TITLE</u>	<u>NAME</u>	<u>TITLE</u>
Wray Featherstone	Director	R. R. Del Presto	Vice-President
Philip A. Toft	Director	Donald V. Ytterberg	Vice-President
Richard H. Watson	Vice-President		

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RESOLVED, That the officers of Golconda Corporation are hereby authorized, empowered and directed to convey to its wholly-owned subsidiary Golvest Corporation the following securities now owned by Golconda:

Alice Consolidated Mines, Inc.	4,308,020
Bell Mining Company	203,000
Black Bear Mines Company	880,371
Granada Lead Mines, Inc.	755,442
Great Eastern Mining Company, Ltd.	100,000
Ivanhoe Mining Company	358,000
Mullan Metals, Inc.	426,512
Square Deal Mining & Milling Co., Ltd.	997,459
Wallace Mining Company	254,025
Aberdeen-Idaho Mining Company	13,000
Abot Mining Company	27,502
Bullion Mining Company	157,902
Coeur d'Alene Syndicate	318
East Coeur d'Alene Silver Mines, Inc.	100,000
Hunter Creek Mining Company	6,500
Idaho-Montana Silver, Inc.	253,834
Metropolitan Mines Corporation	88,500
Silver Bowl, Inc.	36,500
Silver Buckle Mines, Inc.	211,750
Vindicator Silver-Lead Mines Co.	148,500
Yreka-United, Inc.	95,500
Silver Eureka Corporation	5,700

in exchange for shares of the Ten Dollar par value common stock of said Golvest on the basis of one (1) share of Golvest for each Ten Thousand Six Hundred Dollars (\$10,600) of market value of the portfolio as of March 31, 1973.

LS 002257

MINUTES OF MEETING  
OF THE  
BOARD OF DIRECTORS  
OF  
GOLCONDA CORPORATION

The meeting of the Board of Directors of Golconda Corporation was held on Thursday, March 29, 1973 at The Stanford Court located in San Francisco, California. The following members were present:

Daniel L. Brenner  
Ray M. Dunn  
Wray Featherstone  
H. F. Magnuson  
A. D. Martin  
Richard S. Sloma  
Walter L. Sly  
C. Arnholt Smith  
Gordon P. Smith  
Philip A. Toft.

Present as guests were: D. W. Adams, J. M. Stogin, Richard H. Watson and C. Hugh Friedman of Friedman, Heffner, Kahan & Dysart.

The Chairman, Mr. C. A. Smith, called the meeting to order at 12:55 P.M. The Minutes of the January 25, 1973 meeting having been previously distributed to the members and reviewed by them were moved for adoption, seconded and unanimously approved.

Election of Officers - C. Arnholt Smith

The matter of the election of officers of Golconda Corporation was presented to the members. The present officers, consisting of:

C. Arnholt Smith	Chairman
Gordon P. Smith	President and
	Chief Executive Officer
Richard S. Sloma	Executive Vice President and
	Chief Operating Officer
Donald W. Adams	Vice President - Finance and
	Treasurer
John M. Stogin	Vice President - Corporate
	Counsel and Secretary
Richard H. Watson	Vice President - Personnel and
	Organizational Planning
Wray Featherstone	Vice President and President of
	Golconda Mining Corporation
R. R. Del Presto	Vice President - Bastian-Blessing
	Division
J. W. Hasselbring	Vice President - Pioneer Astro
	Industries Division
D. L. Hess	Assistant Secretary
Paul R. Napholz	Assistant Secretary,

were unanimously re-elected. Mr. Sloma nominated Donald V. Ytterberg

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presently Vice President of the Anderson Copper and Brass Division, as a Corporate Vice President. Mr. Ytterberg was unanimously elected a Corporate Vice President, with the title Vice President - Anderson Copper and Brass Division. Mr. Watson was unanimously named an ex-officio member of the Board to serve with Messrs. Adams and Stogin in that same capacity.

The Chairman presented to the members a recommendation that the position of Vice Chairman of the Board of Directors be re-instituted. Mr. Gordon P. Smith recommended that the By-Laws specifically provide for the position of Executive Vice President. After discussion, it was unanimously resolved that the By-Laws be amended to provide for the positions of Vice Chairman and Executive Vice President. The amended sections of the By-Laws are attached to these Minutes and incorporated herein by reference. The Secretary was directed to take the necessary steps to make the By-Law changes effective. Mr. Gordon P. Smith was nominated for the additional position of Vice Chairman. The nomination was seconded and unanimously approved. (Gordon P. Smith abstaining).

#### Committees of the Board of Directors - C. Arnholt Smith

The existing Committees of the Board consisting of the Executive Committee, comprised of Messrs. Dunn, Magnuson, Sloma, G. P. Smith and Toft, and the Compensation Committee, comprised of Messrs. Brenner, Dunn and Toft, were unanimously re-elected. Changes in compensation for Messrs. Adams and Stogin, previously approved and recommended by the Compensation Committee were unanimously approved by the Board.

#### President's Report on Golconda Progress and Goals - Gordon P. Smith

Mr. Smith reported on the First Quarter results as contained in the report being mailed to shareholders. He went on to describe the current status of the listing application for the American Stock Exchange, and recent efforts relating to investor relations. The change has been made to The First National Bank of Chicago, the interest rate on the company's loans at that bank will be the prime rate.

#### Personnel Matters - R. H. Watson

Mr. Watson gave a progress report on labor relations throughout the company. He highlighted the settlements achieved with the Sheet Metal Workers' Union and the Carpenters' Union at Grand Haven, Michigan. He described action that is taking place at the RegO Division in relation to union activity.

#### Corporate Financial Matters - D. W. Adams

Mr. Adams reported that each Division contributed to profit



results for the current period. He pointed out that management of assets continues to be somewhat of a problem, specifically in the areas of accounts receivable collections and inventory levels. He described the financial plan for the construction of the Golconda Metals Division's facilities in Alsip, Illinois. After discussion, the following resolution was unanimously adopted:

RESOLVED, that the Executive Committee of Golconda Corporation is hereby authorized and empowered on behalf of the Board of Directors of Golconda Corporation to take any and all action necessary to carry out a plan of financing for the Golconda Metals Division's building and equipment requirements in Alsip, Illinois.

Golconda Mining Corporation Activities - Wray Featherstone

Mr. Featherstone reported on the status of the Alice Consolidated Agreement Amendment. A discussion concerning the recent developments with respect to the negotiation of amendment of the Assignment and Agreement with Hecla Mining Company involving the "Alice" Area Operating Agreement and "South Morning" Lease and Agreement then took place. It was stated that as a result of the negotiations, an amendment to this agreement had been executed by the officers of the various companies subject to approval by their respective Boards of Directors. It was stated that the amendment provides for described exploration of the Alice property and under certain conditions the South Morning property from the Morning No. 6 Tunnel level and that this work would be done in lieu of other minimum work requirements involving construction of a surface plant on the Alice property. After further discussion of the terms of these amendments, a motion was made and duly seconded and unanimously approved, (with Mr. Magnuson abstaining, he being a Director of Alice Consolidated Mines, Inc. and Hecla Mining Company,) as follows:

BE IT FURTHER RESOLVED, that the First Amendment to Assignment and Agreement between the Company and Hecla Mining Company which was executed by the officers of the Company on February 27, 1973, subject to approval by the Board of Directors and which amendment to the Assignment and Agreement of April 3, 1970 reflects the changes which had been made in the Alice Agreement and South Morning Agreement is hereby approved, ratified and confirmed; and

BE IT FURTHER RESOLVED, that the officers of the Company are authorized to take such further steps as may be necessary to cause said agreements to become fully effective and operative.

Manufacturing Operations - R. S. Sloma

Mr. Sloma reported on results for the various Divisions involved in manufacturing operations.

Golconda Metals Division. On schedule with respect to building and equipment. Mr. C. A. Smith inquired as to potential savings. Mr. Sloma replied that return on investment should be greater than 20%. Obtaining a metallurgist for the division has been a problem up to now.

RegO Distribution Center. Working very well and a set up in New England is contemplated.

Anderson Copper and Brass. On plan and the order intake is very good.

Bastian-Blessing. Achieved the planned profit for the first quarter. The first half will be on plan in spite of the strike which occurred.

RegO Division. Order intake is very strong, which has caused certain problems in operations attempting to meet the high order intake levels. RegO is ahead of plan. "RegO 50" Phase I proposal will be forthcoming.

Pioneer Astro. Order intake has been revised upward and the Gauge program is going into effect. A profit is forecast for April. Copies of a proposed acquisition program for the Pioneer Division were distributed.

Mr. Gordon Smith commented on the importance of the acquisition program to the overall results of the company for fiscal 1973. There was significant discussion on this point, with all members participating. The question was raised as to the source of funds for acquisitions and it was indicated that proceeds from sales of Hecla shares would be used. At this point, the Chairman raised the question as to the total strategy for the use of Hecla proceeds. After substantial discussion, the acquisition proposal was tabled pending development of a total strategy regarding Hecla and other investments.

Status of Hecla and Other Investments - Gordon P. Smith

Mr. G. P. Smith reported on a prospect for the sale of Hecla shares. The Chairman commented on the fact that the attorneys were reviewing the situation so that they could give an opinion as to the saleability of the shares. The Board unanimously agreed to reaffirm the authority previously conferred to sell at the market or better with regular commissions payable based on comparable charges of a major broker or dealer. Any proceeds realized

are initially to be used to minimize short-term debt and the balance put in certificates of deposit or like investments.

Legal Matters - J. M. Stogin

Mr. Stogin reviewed the situation with respect to dissenting shareholders - Arthur M. Hyde Trust. He was directed to communicate with the Trust and offer to purchase the shares at current market price, and, as an alternative, to pay as much as the \$8.00 originally offered the dissenters, if by so doing, litigation can be avoided. Forms of resolution required to implement previously agreed upon changes in the Pension Plan were presented and unanimously adopted. The resolutions are set forth in attachments to these minutes and are incorporated herein by reference. Mr. Stogin presented the need for appointment of a proxy to vote the company's holdings of Hecla shares at the forthcoming annual meeting of Hecla Mining Company. After discussion, the following resolution was adopted:

RESOLVED, that the corporation does hereby appoint Wray Featherstone and H. F. Magnuson, or either of them, its attorneys to attend and to vote all the shares of Hecla Mining Company standing in the name of this corporation or in the name of Golconda Mining Corporation at the Annual Meeting of the Shareholders of Hecla Mining Company called for April 27, 1973, and any adjournments thereof, upon any and all matters which may come before said meeting; and

RESOLVED, that the President and Secretary of the corporation be authorized and directed to prepare and execute a proxy in proper form evidencing the authority of said attorneys to vote the shares of Hecla Mining Company standing in the corporation's name or the name Golconda Mining Corporation (the name of the corporation prior to September 10, 1970) and to take all action at such meeting on behalf of this corporation which the officers of this corporation might take if personally present.

A resolution was presented for the regular quarterly preferred dividend of \$.25 per share. The following resolution was unanimously adopted:

RESOLVED, that the regular quarterly preferred dividend of twenty-five cents (\$.25) per share is hereby declared. The record date therefor is April 16, 1973 and payment date May 7, 1973. The disbursing agent is directed to disburse said dividend to such record holders of the preferred stock of Golconda Corporation, and

RESOLVED FURTHER, that the Secretary is hereby declared and authorized to certify this resolution

and to affix the seal of this Corporation hereto; and he is directed and authorized to lodge the same with the transfer agents of the preferred stock, and to take such other steps and perform any and all such further acts as may be necessary and proper to carry out the intents and purposes of the forgoing resolution."

Security clearance requirements were next discussed and the resolution in the form attached to these minutes and incorporated herein by reference was unanimously adopted. The necessity for a resolution for the Old National Bank of Washington was next presented, and the members unanimously adopted the following resolution:

BE IT RESOLVED that any two of the following:

Gordon P. Smith	President
Wray Featherstone	Vice President
Donald W. Adams	Vice President - Finance and Treasurer
J. M. Stogin	Vice President-Corporate Counsel and Secretary
D. L. Hess	Assistant Secretary

of this Company, shall have full power and authority to borrow money from, discount bills or accounts receivable or other negotiable paper with, or obtain credit for the Company from Old National Bank of Washington, Spokane, Washington, for and in the name of the Company, in such manner and amounts and upon such terms as in his (their) judgment this Company may require, and to make, draw, accept, endorse, execute and deliver promissory notes, bills of exchange, bills of lading, warehouse receipts or other negotiable instruments, or extension or extensions, renewal or renewals thereof, and as security thereof, to grant security interests in any stocks, bonds, promissory notes, accounts receivable, bills of lading, warehouse receipts, security agreements or other instruments or property, and also from time to time to substitute for said property or any part thereof other property to be held upon like terms, and to execute and deliver all instruments of assignment and/or transfer as may be necessary in connection therewith, and to make, execute and deliver such real estate mortgages, security agreements, and other documents and security instruments as may be necessary or required by said Bank to provide security for any sum or sums borrowed therefrom.

BE IT FURTHER RESOLVED that Old National Bank of

Washington, Spokane, Washington, shall have, by reason of these resolutions, full right and authority to rely upon the same, and they shall be binding upon this Company until rescinded or modified by resolution of its Board of Directors, and a copy thereof served upon said Bank."

Mr. Stogin presented a recommendation that the other investments held by Golconda be transferred to Golvest in exchange for shares of its capital stock, as were the shares of Hecla. After discussion, a resolution in the form attached and incorporated herein by reference was unanimously adopted.

Recommendation of Board Meeting Dates for the Ensuing Year -  
Gordon P. Smith

Mr. G. P. Smith presented his recommendations as to the dates for regular meetings for the Board of Directors for the ensuing year. After discussion, the following dates were unanimously adopted as dates for regular meetings of the Board of Directors:

June 28, 1973  
September 27, 1973

December 28, 1973  
March 28, 1974.

Unless notice is given otherwise, all meetings of the Board will begin at 9:00 A.M. and be held at the Corporate Offices, 4201 West Peterson Avenue, Chicago, Illinois.

Purchase of Preferred Stock and Debentures - J. M. Stogin

Mr. Stogin pointed out that the initial authority for purchasing preferred shares and debentures of Golconda Corporation covered a one-year period which will expire within the next couple of months. After discussion, it was unanimously agreed to extend the authority to purchase preferred stock and debentures up to the previously authorized \$750,000. Mr. Stogin was directed to obtain any necessary approvals from the Securities and Exchange Commission.

There being no further business to come before the meeting, the meeting was adjourned at 2:38 p.m.

  
Secretary

APPROVED:

\_\_\_\_\_  
Chairman

WHEREAS, this Corporation now maintains the Golconda Corporation Retirement Plan for Salaried Employees, as amended; and

WHEREAS, this Board of Directors deems it desirable to amend said retirement plan for salaried employees;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED, that said retirement plan for salaried employees be, and it hereby is, amended effective January 1, 1973 for all eligible Employees retiring thereon or thereafter, as follows:

The figure "40%" appearing in Sections 5.1 (a) and 5.1 (b) is revised to "45%."

BE IT FURTHER RESOLVED, that the officers of this Corporation be and they are hereby authorized and directed to take such other actions as they may consider necessary, advisable or desirable to carry out the purpose and intent of the foregoing resolution, including without limitation, the execution and delivery of any necessary instruments, and the submission thereof to the District Director of Internal Revenue for a determination that said plan and trust continue to meet the requirements of Section 401 (a) and other applicable provisions of the Internal Revenue Code of 1954, as amended, and to take such actions as may be necessary or desirable to obtain and maintain such determination.

LS 002265

WHEREAS, this Corporation now maintains the Golconda Corporation Pension Plan for Hourly Employees, as amended; and

WHEREAS, this Board of Directors deems it desirable to amend said pension plan for hourly employees;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED, that said pension plan for hourly employees be, and it hereby is, amended in the following particulars:

1. Effective as of January 1, 1972, Section 2.1(c) (8) shall read as follows:

"the maximum number of years of Continuous Service that shall be counted for the purpose of determining benefits is

- (i) Thirty (30) years for any Employee whose employment with the Company was terminated before July 1, 1966, or
  - (ii) Thirty-five (35) years for any Employee whose employment with the Company was terminated on or after July 1, 1966 but before January 1, 1972, or
  - (iii) No maximum number of years for any Employee whose employment with the Company is terminated, on or after January 1, 1972."
2. Effective as of January 1, 1973, the following language is added to Section 5.1:  
  
After "...December 31, 1970," insert "but before January 1, 1973."  
  
"If his employment with the Company is terminated after December 31, 1972, the monthly normal retirement benefit, commencing on an eligible Employee's normal retirement date, shall be an amount determined by multiplying the appropriate Monthly Benefit from the table

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below by the number of years of his  
Continuous Service:

<u>Final Hourly Base Pay Rate</u>	<u>Monthly Benefit</u>
Less than \$4.00	\$5.25
\$4.00 or more but less than 4.75	5.50
4.75 or more but less than 5.50	5.75
5.50 or more but less than 6.25	6.00
6.25 or more	6.25".

BE IT FURTHER RESOLVED, that the officers of this Corporation be and they are hereby authorized and directed to take such other actions as they may consider necessary, advisable or desirable to carry out the purpose and intent of the foregoing resolution, including without limitation, the execution and delivery of any necessary instruments, and the submission thereof to the District Director of Internal Revenue for a determination that said plan and trust continue to meet the requirements of Section 401 (a) and other applicable provisions of the Internal Revenue Code of 1954, as amended, and to take such actions as may be necessary or desirable to obtain and maintain such determination.

LS 002267



WHEREAS, this Corporation now maintains the Golconda Corporation Pension Plan for Local No. 893, United Brotherhood of Carpenters and Joiners of America, as amended; and

WHEREAS, this Board of Directors deems it desirable to amend said pension plan for Local No. 893;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED, that said pension plan for Local No. 893 be and it hereby is amended effective February 28, 1973, in the following particulars:

1. Section 5.1 (f) after "November 30, 1971" insert "and before February 28, 1973."

2. Add to Section 5.1:

"(g) \$5.25 times the number of years of his Continuous Service up to a maximum of 30 years of such Continuous Service, if his employment with the Company is terminated on or after February 28, 1973 and before December 1, 1973."

"(h) \$5.75 times the number of years of his Continuous Service up to a maximum of 30 years of such Continuous Service, if his employment with the Company is terminated on or after December 1, 1973 and before December 1, 1974."

"(i) \$6.25 times the number of years of his Continuous Service up to a maximum of 30 years of such Continuous Service, if his employment with the Company is terminated on or after December 1, 1974."

BE IT FURTHER RESOLVED, that the officers of this Corporation be and they are hereby authorized and directed to take such other actions as they may consider necessary, advisable or desirable to carry out the purpose and intent of the foregoing resolution, including without limitation, the execution and delivery of any necessary instruments, and the submission thereof to the District Director of Internal Revenue for a determination that said plan and trust continue to meet the requirements of Section 401 (a) and other applicable provisions of the Internal Revenue Code of 1954, as amended, and to take such actions as may be necessary or desirable to obtain and maintain such determination.

LS 002268

WHEREAS, this Corporation now maintains the Golconda Corporation Pension Plan for Local No. 430, International Association of Sheet Metal Workers, as amended; and

WHEREAS, this Board of Directors deems it desirable to amend said pension plan for Local No. 430;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED, that said pension plan for Local No. 430 be, and it hereby is, amended effective March 1, 1972 in the following particulars:

1. Section 5.1(g), after "March 1, 1971" insert "and before March 1, 1972."

2. Add to Section 5.1:

"(h) \$5.00 times the number of years of his Continuous Service up to a maximum of 37 years of such Continuous Service, if his employment with the Company is terminated on or after March 1, 1972 and before September 3, 1973."

"(i) \$5.25 times the number of years of his Continuous Service up to a maximum of 37 years of such Continuous Service, if his employment with the Company is terminated on or after September 3, 1973 and before September 2, 1974."

"(j) \$5.75 times the number of years of his Continuous Service up to a maximum of 37 years of such Continuous Service, if his employment with the Company is terminated on or after September 2, 1974 and before September 1, 1975."

"(k) \$6.25 times the number of years of his Continuous Service up to a maximum of 37 years of such Continuous Service, if his employment with the Company is terminated on or after September 1, 1975."

BE IT FURTHER RESOLVED, that the officers of this Corporation be and they are hereby authorized and directed to take such other actions as they may consider necessary, advisable or desirable to carry out the purpose and intent of the foregoing resolution, including without limitation, the execution and delivery of any necessary instruments, and the submission thereof to the District Director of Internal Revenue for a determination that said plan and trust continue to meet the requirements of Section 401 (a) and other applicable provisions of the Internal Revenue Code of 1954, as amended, and to take such actions as may be necessary or desirable to obtain and maintain such determination.

LS 002269

WHEREAS, it has been brought to the attention of the Board of Directors of Golconda Corporation with its principal office and place of business at 4201 West Peterson Avenue, in the city of Chicago, State of Illinois, that in connection with Facility Security Clearance, the Chairman of the Board, all principal officers, such as, President, Senior Vice President, Secretary, Treasurer, and those occupying similar positions, and a legal quorum of the Board of Directors are required to be cleared by the Department of Defense; and

WHEREAS, other Officers and Directors, who shall not require access to classified information in the conduct of the organization's business and who do not occupy positions that would enable them to affect adversely the organization's policies or practices in the performance of classified contracts, are not required to be cleared, provided the Board of Directors by formal action affirms, and make a matter of record in the minutes of the Board of Directors, that

RESOLVED: The following named individuals who are officers and/or directors shall not be required, shall not have, and can be effectively excluded from, access to all classified information in the possession of the organization and do not occupy positions that would enable them to affect adversely the organization's policies or practices in the performance of classified contracts or programs for the USER Agencies:

<u>NAME</u>	<u>TITLE</u>	<u>NAME</u>	<u>TITLE</u>
Wray Featherstone	Director	R. R. Del Presto	Vice-President
Philip A. Toft	Director	Donald V. Ytterberg	Vice-President
Richard H. Watson	Vice-President		

LS 002270

RESOLVED, That the officers of Golconda Corporation are hereby authorized, empowered and directed to convey to its wholly-owned subsidiary Golvest Corporation the following securities now owned by Golconda:

Alice Consolidated Mines, Inc.	4,308,020
Bell Mining Company	203,000
Black Bear Mines Company	880,371
Granada Lead Mines, Inc.	755,442
Great Eastern Mining Company, Ltd.	100,000
Ivanhoe Mining Company	358,000
Mullan Metals, Inc.	426,512
Square Deal Mining & Milling Co., Ltd.	997,459
Wallace Mining Company	254,025
 Aberdeen-Idaho Mining Company	 13,000
Abot Mining Company	27,502
Bullion Mining Company	157,902
Coeur d'Alene Syndicate	318
East Coeur d'Alene Silver Mines, Inc.	100,000
Hunter Creek Mining Company	6,500
Idaho-Montana Silver, Inc.	253,834
Metropolitan Mines Corporation	88,500
Silver Bowl, Inc.	36,500
Silver Buckle Mines, Inc.	211,750
Vindicator Silver-Lead Mines Co.	148,500
Yreka-United, Inc.	95,500
Silver Eureka Corporation	5,700

in exchange for shares of the Ten Dollar par value common stock of said Golvest on the basis of one (1) share of Golvest for each Ten Thousand Six Hundred Dollars (\$10,600) of market value of the portfolio as of March 31, 1973.

LS 002271

MINUTES OF MEETING  
OF THE  
EXECUTIVE COMMITTEE  
OF  
GOLCONDA CORPORATION

The regular meeting of the Executive Committee of Golconda Corporation was held on Wednesday, April 25, 1973 at 9:00 A.M. at the Pioneer Astro Industries Division location, Chicago, Illinois. The following members were present:

Gordon P. Smith  
Ray M. Dunn  
H. F. Magnuson  
Richard S. Sloma  
Donald W. Adams, ex-officio  
John M. Stogin, ex-officio  
Richard H. Watson, ex-officio.

Absent was Philip A. Toft.

The Chairman, Gordon P. Smith, called the meeting to order at 9:00 A.M. Mr. Sloma moved that the Minutes of the Executive Committee meeting of March 28, 1973 be approved as previously submitted. This motion was seconded by Mr. Magnuson and unanimously passed.

President's Report - Gordon P. Smith

Mr. Smith began the meeting with general comments regarding the outlook for the future of Golconda Corporation.

Corporate and Financial Matters - D. W. Adams

Mr. Adams reported progress on accounts receivable collections, which are now closer to plan. Profit, sales and order intake are all up, compared to the plan and last year. He noted that the balance sheet reflects the new bank financing. He distributed a reserve analysis and the April mid-month forecast. These documents were reviewed by the members and various segments thereof discussed.

Personnel Matters - R. H. Watson

Mr. Watson reported that there is continued organizational activity at the RegO facility, but that its level is no more than a month ago. Manpower recruitment continues to be a problem. A study is being made of the first level of supervisors at the RegO

LS 002272

facility. Efforts are still being made to obtain a controller for the Bastian-Blessing Division.

Manufacturing Operations - R. S. Sloma

Bastian-Blessing Division - R. R. Del Presto

The mid-month forecast was distributed by Mr. Del Presto. He noted that March was the first normal month of operations; that is, one without any strike effect. A Profit Assurance Program has been implemented. An interim inventory will be taken at the facility. Efforts are being made to obtain additional new accounts to minimize the impact of McDonald's business on the Division's total volume.

Anderson Copper and Brass Division - D. V. Ytterberg

The mid-month forecast was reviewed. An all-time record order intake was experienced in March, reflecting to a large degree the mobile home industry pickup. Profit continues strong, and an expansion program may be required. Present utilization of space is very high, and the Division continues to sell more than it can make. In response to questions from Mr. Dunn, Mr. Sloma stated that a proposal would be forthcoming regarding further investment at Anderson Copper and Brass.

Golconda Metals Division - R. S. Sloma

Mr. Sloma presented the current implementation status report for the Division, and reported that the project is on target with only minor slippage. The financing of the Division's investment was discussed.

International Division - R. S. Sloma

The Eisfink relationship is being reinvigorated, and the principals will be in Chicago next month. Approval is still being sought from the BOI for the RegO Philippines project. Programs for Latin America are currently in process.

RegO Division - R. S. Sloma

The mid-month forecast was distributed. Capacity restrictions continue to be a problem. Mr. Sloma reported on the progress being made on NCG past due orders. He also reported on developments with respect to Sears' business, as well as relationships with U. S. Divers. He

stated that the RegO forecast for the balance of the year looks firm.

Pioneer Astro Industries Division - J. W. Hasselbring

The mid-month forecast was reviewed. March results were in line with previous forecast. Inventory will continue to rise due to the Gauge Program and hedge buying of beryllium against an industry strike. April results will be in the black. It is expected that in June the Division will be in the black for the year to date. A discussion of order intake took place with Mr. Hasselbring, pointing out that although government business is still important, it has been oriented away from defense to other areas, such as space optics and lasers. There was a discussion about possible pension plans and health insurance at Pioneer. Mr. Smith requested an over-all plan be presented to the Executive Committee. The Committee, as a whole, extended its compliments to Mr. Hasselbring for the turnaround in the Division. After reviewing the Back Log Forward Aging Report, Mr. Hasselbring introduced members of his staff:

Bill Pessing  
Bob Modrich  
Stan Krol

Frank Sinko  
Will Bryant  
Paul Napholz.

Each of the men made a brief presentation of his area of responsibility.

The meeting was then recessed for lunch (12:10 P.M.) and re-convened at 12:55 P.M.

Golconda Mining Corporation - H. F. Magnuson

Mr. Magnuson reported that the Alice project will commence in May. The proposed sale of silver from the U. S. stockpile caused the price of silver to decline. Mr. Magnuson said he hoped to have recommendations as to individual holdings of mining securities for the next meeting.

Legal Matters - J. M. Stogin

Mr. Stogin reported that the American Stock Exchange has tabled the preliminary application for listing.

Status of Hecla and Other Investments - G. P. Smith

Mr. Smith reported on the proposed sale of Hecla shares to White Weld, Dean Witter and Bache. Mr. Stogin reviewed with the members the information required by counsel for use in its

preparation of an opinion with respect to the sale of the shares. After thorough discussion and comments, the documents were revised and approved. The procedures, terms and other matters relating to the offering were thoroughly discussed.

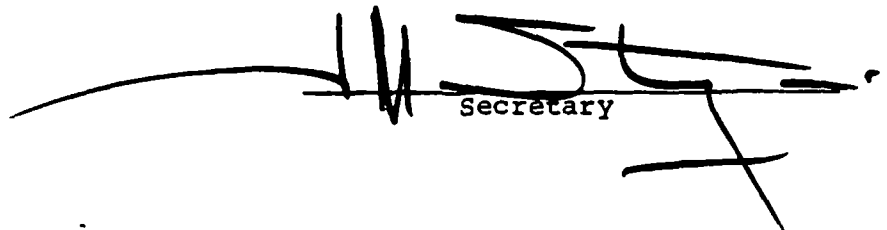
Acquisition Explorations - G. P. Smith and R. S. Sloma

Mr. Smith reviewed the procedure regarding negotiations for acquisitions being subject to final Board approval. Mr. Sloma was authorized on that basis to negotiate with regard to three possible acquisitions for Pioneer Astro Industries. Mr. Sloma submitted a proposal for "RegO 50". Copies are to be distributed to the other members of the Board, and Mr. Smith is to poll the board for approval. A proposal for the acquisition of the Hennells Company was presented and reviewed by Mr. Sloma. Following a lengthy discussion, Mr. Sloma was authorized to negotiate for an acquisition of Hennells, subject to Board approval.

Next Meeting of the Committee - G. P. Smith

It was agreed that the regular meeting of the Executive Committee scheduled for May 23, 1973 will commence at 8:00 A.M. at the Corporate Offices in Chicago.

There being no further business to come before the Committee, the meeting adjourned at 3:12 P.M.

  
Secretary

APPROVED:

  
Chairman



MINUTES OF MEETING  
OF THE  
EXECUTIVE COMMITTEE  
OF  
GOLCONDA CORPORATION

The regular meeting of the Executive Committee of Golconda Corporation was held on Wednesday, May 23, 1973 at 8:00 A.M., at the Corporate Offices located at 4201 West Peterson Avenue, Chicago, Illinois. The following members were present:

Gordon P. Smith  
H. F. Magnuson  
Richard S. Sloma  
Donald W. Adams, ex-officio  
John M. Stogin, ex-officio  
Richard H. Watson, ex-officio.

Absent were Ray M. Dunn and Philip A. Toft.

The Chairman, Gordon P. Smith, called the meeting to order at 8:00 A.M. Mr. Sloma moved that the Minutes of the Executive Committee meeting of April 25, 1973 be approved as submitted. This motion was seconded by Mr. Magnuson and unanimously passed.

President's report - Gordon P. Smith

A Runout Report for 1973 was distributed by Mr. Sloma. Mr. Smith commented on the approach taken in the preparation of the report and the treatment of the sale of the Hecla shares. He specifically noted that the sale of the Hecla shares was excluded from the Cash Flow Report. Mr. Smith read to the Committee his letter which was to be sent to the entire Board regarding the revised forecast. After further comments by Mr. Smith, Mr. Sloma reviewed his letter contained in the Runout Report and the data contained in the report. A general discussion ensued, with all members participating. Mr. Adams reviewed the Cash Flow data, and commented specifically on major applications of funds totaling in excess of \$4 million. He pointed out the need for additional cash funds. Mr. Smith recapped certain of the capital decisions which had been made in the past year, commenting specifically on Golconda Metals Division and the "RegO 50" Program (warehouse). There was a full discussion of the possible sources of funds to finance the capital decisions. Mr. Magnuson advocated proceeding with the "RegO 50" Program. The following resolution was adopted:

RESOLVED, That the 1973 Runout Forecast, as presented to the Committee this day, is hereby approved and adopted as a plan of operation for the balance of this fiscal year.

After further discussion in regards to the cash needs of the company,

LS 002276

the following resolution was offered by Mr. Magnuson:

WHEREAS, an examination and review of the cash requirements of the company reveals a need for financing said cash requirements.

THEREFORE, BE IT RESOLVED, That the officers of this corporation are authorized to obtain such short-term financing as is required to meet the planned needs pending the receipt of proceeds from the sale of the Hecla shares by Golvest Corporation.

This motion was seconded by Mr. Sloma and unanimously passed. Mr. Smith reported on his discussion with Board members regarding acquisitions, specifically referring to the three proposed acquisitions for Pioneer and the Hennells acquisition. Mr. Sloma presented a recap of the Hennells situation. The Committee authorized the taking of the option to purchase the shares of Hennells and the Compactor Company, and the presentation to the Board recognizing that the acquisition is contingent upon the sale of the Hecla shares for funds.

#### Corporate Financial Matters - D. W. Adams

Mr. Adams distributed the May mid-month forecast. This report was thoroughly discussed, as well as the status of reserve accounts.

#### Manufacturing Operations - R. S. Sloma

Mr. Sloma presented mid-month forecasts for each of the Divisions and reviewed the data with the members. The outlook is favorable for all Divisions as evidenced in the Runout Report.

#### Conference Call

At 10:35 a.m., a conference call was initiated with Messrs. Dunn and Toft. Mr. Smith capsulized the Runout Report, and Mr. Sloma commented on the details of the report. Mr. Smith commented on the second quarter earnings per share forecast. After substantial discussion, Messrs. Dunn and Toft ratified the earlier resolution approving the Runout making it unanimous. The Cash Flow report was recapped by Mr. Smith, including the estimated proceeds from the proposed sale of the Hecla shares. This matter was also thoroughly discussed and Messrs. Dunn and Toft ratified the resolution adopted earlier in the meeting relating to short-term financing making it unanimous. Mr. Dunn raised a question as to the plan for securities other than Hecla. Mr. Magnuson responded that a report will be presented at today's meeting, and copies will be sent to Messrs. Dunn and Toft, with recommendations as to those investments. Mr. Smith

then advised Messrs. Dunn and Toft as to the status of the Hennells acquisition, with Mr. Sloma recapping the details. All members agreed that the Hennells acquisition looked to be beneficial to the company. Mr. Stogin recommended that in view of the cash requirements in other areas, that the company not seek an extension of time from the S.E.C. beyond the middle of June for the purchase of preferred stock and debentures. This was unanimously agreed to. Mr. Stogin mentioned that Mr. Watson will be presenting a proposal to the Board that Anderson Copper and Brass employees be placed under the Golconda Pension Plan. This matter will be presented to the Board at its next meeting. The conference call was terminated at 11:37 a.m.

**Golconda Mining Activities - H. F. Magnuson**

Mr. Magnuson reported that the Alice Agreement has been signed by all parties. It is planned that the work will commence in June on the project. Mr. Magnuson next presented for the members' consideration a report on the company's investments in mining companies other than Hecla. This report was accepted for further review. Mr. Smith complimented Mr. Magnuson on the report.

**Personnel Matters - R. H. Watson**

Mr. Watson reported that the union picture is calm at the present time. One area of difficulty has been the recruitment of skilled blue-collar workers. At the present time, there is a shortage of about 100 such workers throughout the company. A new Controller for the Bastian-Blessing Division has been hired to start in June. Mr. Keller has been appointed General Manager of the Golconda Metals Division, effective June 1, 1973.

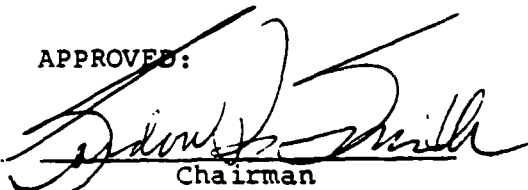
**Legal Matters - J. M. Stogin**

In addition to the matters discussed during the conference call, Mr. Stogin presented a security resolution, requested by the company's security officer, Mr. Zahakaylo. The resolution, in the form attached as Exhibit I, was duly adopted. In connection with the matter of the purchase of preferred shares and debentures, Mr. Stogin was authorized to continue the purchase under the present approval through The Illinois Company.

The next regular meeting of the Executive Committee is scheduled for June 27, 1973 at the Corporate Offices in Chicago.

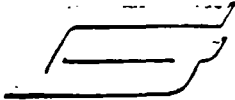
There being no further business to come before the Committee, the meeting was adjourned at 11:50 a.m.

APPROVED:

  
Chairman

  
Secretary

LS 002278



# GOLCONDA CORPORATION

4201 WEST PETERSON AVENUE • CHICAGO, ILLINOIS 60646 • 312/685-0800

## EXTRACT OF MINUTES OF MEETING OF EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

WHEREAS, it has been brought to the attention of the Executive Committee of the Board of Directors of Golconda Corporation with its principal office and place of business at 4201 West Peterson Avenue in the city of Chicago, State of Illinois, that in connection with Facility Security Clearance, the Chairman of the Board, all principal officers, such as, President, Senior Vice President, Secretary, Treasurer, and those occupying similar positions, and a legal quorum of the Board of Directors are required to be cleared by the Department of Defense; and

WHEREAS, other Officers and Directors, who shall not require access to classified information in the conduct of the organization's business and who do not occupy positions that would enable them to affect adversely the organization's policies or practices in the performance of classified contracts, are not required to be cleared, provided the Board of Directors by formal action affirms, and make a matter of record in the minutes of the Board of Directors, that

RESOLVED: The following named individuals who are officers and/or directors shall not require, shall not have, and can be effectively excluded from, access to all classified information in the possession of the organization and do not occupy positions that would enable them to affect adversely the organization's policies or practices in the performance of classified contracts or programs for the USER Agencies:

<u>NAME</u>	<u>TITLE</u>
Harold F. Magnuson	Director
Walter L. Sly	Director
Philip A. Toft	Director
Richard H. Watson	Vice President
Rocco R. Del Presto	Vice President
Donald V. Ytterberg	Vice President

I, the undersigned Secretary of Golconda Corporation, 4201 West Peterson Avenue, Chicago, Illinois, do hereby certify that the above is a true, correct and complete resolution duly adopted at an Executive Committee Meeting of the Board of Directors of said Corporation, duly held on the 23rd day of May, 1973, and is a matter of record in the minutes of this Corporation.

WITNESS my hand and seal of said Corporation this 23rd day of May, 1973.


  
Secretary

EXHIBIT I

LS 002279

MINUTES OF MEETING  
OF THE  
EXECUTIVE COMMITTEE  
OF  
GOLCONDA CORPORATION

The regular meeting of the Executive Committee of Golconda Corporation was held on Wednesday, June 27, 1973 at 9:00 A.M., at the Corporate Offices located at 4201 West Peterson Avenue, Chicago, Illinois. The following members were present:

Gordon P. Smith  
Ray M. Dunn  
Harry F. Magnuson  
Richard S. Sloma  
Philip A. Toft  
Donald W. Adams, ex-officio  
John M. Stogin, ex-officio  
Richard H. Watson, ex-officio.

Present as guests were: Messrs. Jack W. Hasselbring, Donald R. Keller, Rocco R. Del Presto and Donald V. Ytterberg.

Mr. Gordon P. Smith, Chairman, called the meeting to order at 9:00 A.M. Mr. Sloma moved that the Minutes of the Executive Committee meeting of May 23, 1973 be approved as submitted. Mr. Magnuson seconded the motion and it was unanimously adopted.

President's Report - Gordon P. Smith

Mr. Smith presented the May and Six Months highlights of operations, pointing out the continued move upward for the six months and for the quarter. He discussed the switch to 4-4-5 reporting. All divisions are now operating in the black. The Five-Year Plan was discussed, as was the 1974 budget. Mr. Smith went on to point out that the '73 runout identified the tight cash position which is currently being experienced and anticipated to continue. This was the result of acts approved by the Executive Committee and Board during 1972. Approximately \$3.7 million will need to be offset by November 30, 1973 through the sale of Hecla. In response to various questions during the discussion it was pointed out that it is necessary to do detail planning well in advance of the time period and that the planning is based on existing operations only. Mr. Smith quoted the first full paragraph on page 3 of the Plan. He then asked for an expression of attitude from the members. Mr. Magnuson commented and the others agreed that the Plan presented an ambitious challenge and that it should be reviewed in three months. Further discussions centered around the cash flow statement on page 14 of the Plan. The following motion

LS 002280

was made by Mr. Magnuson, seconded by Mr. Dunn, and unanimously adopted:

RESOLVED, that this Committee endorses the 1974 Plan with the understanding that management reports back to the Committee on progress toward the Plan and changed conditions, if any. The Five-Year Plan is approved as a planning guide and overall objective.

Mr. Smith directed that all those who participated in the preparation of the Plan be congratulated for a fine job.

Corporate Financial Matters - D. W. Adams

Mr. Adams reported that results to date are running ahead of plan. Accounts payable had increased \$800,000. Cash flow as reported reflects the increase in accounts receivable and inventory, Federal Income Tax payment and short-term borrowing. During a discussion of the accounts receivable situation, it was pointed out that there is no single major receivable that would expose the company to a significant loss. The reserve accounts were analyzed. Mr. Adams reported on a deficiency notice received from the Internal Revenue Service in connection with tax treatment of the loss in connection with the sale of the Paris property. He stated that the net out-of-pocket cost would be \$167,000 should the company lose on all points and contentions. Alexander Grant and Company share the feeling that the company will prevail over the IRS. Mr. Smith commented on the filing of the Petition relating to the '67-'69 tax matter. The mid-month forecast for June was distributed by Mr. Adams and discussed in detail by the members.

Manufacturing Operations - R. S. Sloma

Bastian-Blessing Division - R. R. Del Presto

Mr. Del Presto reviewed the mid-month forecast for the members. He discussed the interim physical inventory at April 30, 1973, stating that the cost of sales were under control. Inventory levels and reserves were discussed. In response to inquiries, Mr. Del Presto commented on the new major accounts that are being sought to offset the dependence on McDonald's business.

Anderson Copper and Brass Division - D. V. Ytterberg

Mr. Ytterberg reviewed Anderson's mid-month forecast. He commented that the mobile home industry "has virtually dropped dead." He forecasts possible all-time record sales

in August.

Golconda Metals Division - D. R. Keller

A status report was presented by Mr. Keller, and he commented upon the fact that the building is 75% complete, with possession expected on August 1. Mr. Smith recapped the capital commitments which have all been approved to a level above \$2 million for this division. Mr. Stogin reported on the status of potential financing through industrial revenue bonds.

Pioneer Astro Industries Division - J. W. Hasselbring

Mr. Hasselbring presented the mid-month forecast highlighting the year to date profits as of the end of June. He recapped the changes leading to the turn-around in the division. The Backlog Forward Aging Report was also reviewed. He reported that the Pressure Gauge Program is now operating and commemorative plaques were presented to the Committee. The Committee, as a whole, extended its congratulations to Mr. Hasselbring and the division for the turn around and results.

International Division - R. S. Sloma

Mr. Sloma presented a written report highlighting the status of the various international programs. Mr. Dunn commented on the importance of convertibility of currencies in foreign operations.

RegO Division - R. S. Sloma

In reviewing the mid-month forecast, Mr. Sloma pointed out that June may be a problem with sales falling below forecast. Problems are arising with deliveries from vendors and their lead times are stretching out. July may also experience somewhat of a problem, but the plan is being re-targeted for recoupment in August.

RDC Division - R. S. Sloma

The mid-month forecast of RDC was presented with the comment that May includes start up costs. Steps are already being taken to implement RDC II.

Messrs. J. W. Hasselbring, D. R. Keller, R. R. Del Presto and D. V. Ytterberg were excused from the meeting.

Golconda Mining Activities - H. F. Magnuson

Mr. Magnuson reported that silver is up in price. The Alice preparatory work has been completed, and drifting started on a two shifts per day basis. The Alice Consolidated Annual Meeting was held and the same Board remains in office. There is some lease activity in connection with Black Bear Mining. Wray Featherstone is doing the annual assessment work on various Golconda claims.

Personnel Matters - R. H. Watson

Labor matters are quiet. The Machinists' Union is no closer to filing now for an election at RegO than they were before. There has been no activity at the gates. The RegO 64 idea has been well received. In connection with manpower requirements, all locations could use additional machinists and middle management needs exist at all locations, especially RegO. Mr. Watson reported that the equity portion of the pension fund was down 16% since January 1, 1973. This being about the same percentage as the decrease in Standard & Poor's index.

Legal Matters - J. M. Stogin

Mr. Stogin highlighted the various matters which will be presented to the Board tomorrow for resolutions. These were all discussed and approved for submission to the Board. The situation with respect to Sears' notice to RegO as to discontinuance as a vendor was discussed. Mr. Sloma commented on the possible adverse effect on profits and the possible elimination of the welding business at RegO.

Impact Upon Golconda of the S.E.C.'s Complaint  
Against Westgate - Gordon P. Smith

The Executive Committee went into executive session at this point and Messrs. D. W. Adams, J. M. Stogin and R. H. Watson were excused.

Status of Hecla Stock and Other Investments - Gordon P. Smith

Mr. Smith brought the Committee up to date on the status of Hecla sales by Golvest Corporation. After discussion, the Committee recommended to the members of Golvest's board of directors that the President have Lehman Brothers cease individual sales of shares of Hecla, except at a price of \$18.00 per share or better.

New Business Opportunities - R. S. Sloma

Mr. Sloma distributed a report on the die casting project.



He explained the contents of the report and answered questions presented by the members. After discussion, it was agreed that Mr. Smith is to contact the members in a few weeks regarding project approval.

Other Matters - Gordon P. Smith

In closing, Mr. Smith recapped the progress of the past year, pointing out the high degree of enthusiasm that exists among the management team.

The next meeting of the Executive Committee is scheduled for July 25, 1973 at San Francisco. Exact details of time and place will be sent to the members along with the Agenda.

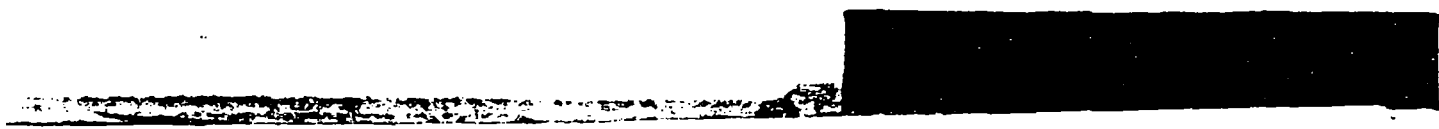
There being no further business to come before the Committee, the meeting was adjourned at 4:10 P.M.

  
Secretary

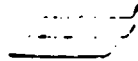
APPROVED:

  
Chairman

LS 002284



LS 002285



GOLCONDA CORPORATION  
300 WEST PETERSON AVENUE, CHICAGO, ILLINOIS 60601

32 802 1000

J. M. STOGIN  
Vice President-Corporate Counsel  
and Secretary

July 30, 1973

TO: BOARD OF DIRECTORS  
GOLCONDA CORPORATION

Enclosed is your copy of the Minutes of the  
Meeting of the Board of Directors held on  
June 28, 1973.

Sincerely,

(pl)

J. M. Stogin

pl

cc: Mr. C. Hugh Friedman

LS 002286

MINUTES OF MEETING  
OF THE  
BOARD OF DIRECTORS  
OF  
GOLCONDA CORPORATION

The regular meeting of the Board of Directors of Golconda Corporation was held on Thursday, June 28, 1973 at 9:00 A.M., at the Corporate Offices located at 4201 West Peterson Avenue, Chicago, Illinois. The following members were present:

Gordon P. Smith  
D. L. Brenner  
Ray M. Dunn  
Wray Featherstone  
H. F. Magnuson  
A. D. Martin  
R. S. Sloma  
Philip A. Toft.

Absent were: Messrs. Walter L. Sly and C. Arnholt Smith.

Present as guests were: Messrs. D. W. Adams, J. M. Stogin and R. H. Watson.

In the absence of the Chairman, Mr. C. A. Smith, Mr. Gordon P. Smith, President and Vice Chairman, called the meeting to order at 9:04 A.M. It was moved, seconded and unanimously agreed that the Minutes of the meeting of the Board of Directors held on March 29, 1973 be approved as submitted.

President's Report - Gordon P. Smith

Mr. Smith summarized the current position of the company, reporting that May was an excellent month. He commented further that the first half showed very significant improvements and that earnings for the 12 months ended June 3, 1973 were \$.64 per share versus \$.02 per share in the year earlier. Mr. Toft raised the question as to the breakdown of inventory by elements. After a discussion, Mr. Adams was instructed by Mr. Smith to review the matter and report back at the next meeting. Mr. Smith continued his summarization, commenting specifically on the 1973 Runout Forecast of \$.54 a share (exclusive of Hecla sales profits) and the runout Cash Flow deficit. He recapped the sources of the deficits, including the Anderson acquisition, the M & M acquisition, purchase of preferred and debentures, establishment of the Golconda Metals division and the Pioneer Gauge Program. A discussion then ensued in relation to the nature of the current bank debt, to which Mr. Adams responded. Mr. Smith asked for any questions regarding 1972 or 1973. Mr. Brenner then commented on

LS 002287

the incisive opportunity to observe the operation of the company afforded by the reports which are issued to the Board. The Board extended its compliments to the staff. Mr. Smith next reviewed the Five-Year Plan and the 1974 budget. After a thorough discussion, the following resolution was moved by Mr. Dunn and seconded by Mr. Martin, and unanimously adopted:

RESOLVED, That the Board of Directors approves the 1974 operating plan and endorses the Five-Year Plan as presented. The 1974 budget is subject to change by the Board or Executive Committee to reflect any significant changes in the general economy, rulings by regulatory agencies and operating conditions within the Company or any other circumstances which, in the opinion of the Board or Executive Committee, significantly affect the 1974 Plan.

In response to questions by Mr. Toft, the financing section on page 5 of the Five-Year Plan was discussed. Mr. Smith invited questions regarding the direction of the company. He reported on a recent meeting in Spokane, an interview with Chicago Today newspaper and a meeting with an investment analyst group in Chicago for June 29.

Corporate Financial Matters - D. W. Adams

Mr. Adams reported on May results, highlighting the cash flow problem. Accounts payable rose, as did accounts receivable and inventory. Quarterly income tax payments were also made. Profit results for the month exceeded the mid-month forecast. There was one cent per share from the sale of Hecla in May. Mr. Adams reported on a deficiency notice received from the Internal Revenue Service in connection with tax treatment of the loss on the sale of the Paris properties in 1970. He stated that the net out-of-pocket cost would be \$167,000 should the company lose on all points and contentions. Alexander Grant & Company share the opinion that the company will prevail over the IRS.

Report on Operations - R. S. Sloma

Mr. Sloma reported on the establishment of added profit centers and the favorable results at each division. Commemorative plaques were distributed to the directors from the Pioneer Gauge Program. A written report was also issued covering International operations. Mr. Sloma commented on procedures which are being implemented to try to stem the rising material costs at RegO. He went on to comment on the favorable return-on-assets despite the increase in inventories.

**Golconda Mining Activities - W. Featherstone**

Mr. Featherstone reported that metal prices currently have a favorable outlook and that the Alice project is proceeding. He went on to describe certain of the work which is currently being performed on the various properties.

**Personnel Matters - R. H. Watson**

Mr. Watson commented on the union situation, reporting no developments in the recent period. He commented on promotions which have been made within the ranks. He reported that the equity portion of the Pension Fund was down 16% from January 1, 1973, about the same decrease as in the Standard & Poor's index.

The meeting was recessed at 10:40 A.M. for the RegO "Warehouse 50" Ground Breaking ceremony and was reconvened at 11:50 A.M.

Mr. Watson and Mr. Adams were excused at this time. The Committee went into executive session.

**Impact Upon Golconda of S.E.C. Complaint Against Westgate -  
Gordon P. Smith**

Mr. Smith reported on conversations which he just had with various individuals relating to the various complaints filed against Westgate. He pointed out that the company is in no way involved in any of the S.E.C.'s complaints, although it had been included in the S.E.C.'s investigation. Mr. Stogin was instructed to follow-up for any possible steps which might be taken to obtain from the S.E.C. a formal dismissal of Golconda from the private investigation conducted by the S.E.C. Mr. Smith reported that in those cases where shareholders have inquired as to the Westgate-California matters, the company's response has been a statement that Golconda is not involved in the matters, although Westgate has two members of their board on the Board of Golconda, that no transactions have taken place between Golconda and Westgate, or its affiliates. Inquiries are then referred directly to Norman Foster of Westgate.

**Review of Status of Hecla and Other Investments - Gordon P. Smith**

Mr. Gordon P. Smith reported in detail on a phone call this morning with Mr. C. Arnholt Smith in which he reported to him the morning's proceedings, especially with respect to the sale of Hecla shares by Golvest. He mentioned to him the possible sale of the block through Lehman Brothers. White Weld and Kidder, Peabody are also interested. Mr. C. A. Smith expressed concern about the use of the proceeds. Mr. Gordon P. Smith brought him

up to date on the use of Hecla proceeds and the costs of the sales. The cash flow runoff deficit was discussed and the factors causing this were elaborated upon. He pointed out that there would be between \$2-1/2 to \$3 million of net proceeds available and he was seeking a commitment for the use of the proceeds for the benefit of Golconda, in such ways as perhaps the Hennells acquisition. He commented further to Mr. C. Arnholt Smith about the rate of return on investment in Hennells. Mr. C. Arnholt Smith expressed his desire that the Board not be hasty in making decisions with respect to the use of the proceeds. He agreed as to the proposed purchase of Preferred and Debentures of Golconda. He expressed his reluctance as to Hennells. Mr. Gordon P. Smith expressed his belief that the best course for Westgate was to participate in Golconda's growth through the utilization of Hecla. He gave Anderson Copper and Brass as an example of increased value through acquisitions. Mr. C. Arnholt Smith expressed no objection as a member of the Board to development of a plan and a resolution of the Board regarding growth through acquisitions, in general, but wished each specific case to be considered as a separate decision by the Board. Mr. Gordon P. Smith agreed.

The Board went on to discuss the manner of approval for projects. Mr. Brenner expressed his desire for face-to-face discussions, rather than a vote by phone, on proposed acquisitions. A general discussion of this point then ensued. The Board then unanimously authorized the Executive Committee to have the power to consult the company for projects pertaining to the expansion of existing businesses, including the funding thereof, but that a special Board meeting should be called for decisions on the acquisitions of other companies. The following resolution also was moved, seconded and duly adopted:

It is the policy of the Board of Directors to employ the assets of the Company, including but not limited to, the net proceeds of the sale of Hecla, when sold, to produce the highest possible earnings through acquisitions or other means for the benefit of the Company's continued progress and for all shareholders.

Legal Matters - J. M. Stogin

LS 002290

unanimously adopted:

RESOLVED, That the regular quarterly preferred dividend of twenty-five cents (\$.25) per share is hereby declared. The record date therefor is July 16, 1973 and payment date August 6, 1973. The disbursing agent is directed to disburse said dividend to such record holders of the preferred stock of Golconda Corporation, and

RESOLVED FURTHER, That the Secretary is hereby declared and authorized to certify this resolution and to affix the seal of this Corporation hereto; and he is directed and authorized to lodge the same with the transfer agents of the preferred stock, and to take such other steps and perform any and all such further acts as may be necessary and proper to carry out the intents and purposes of the foregoing resolution.

Security clearance requirements were next discussed, and the following resolution was unanimously adopted:

RESOLVED, That the resolution relating to security clearance adopted at an Executive Committee meeting of the Board of Directors held on the 23rd day of May, 1973, is hereby ratified.

Mr. Stogin presented a request for the need of a Safe Deposit Box at the Bank of Lincolnwood. The following resolution was unanimously adopted:

RESOLVED, That access to Safe Deposit Boxes, rented by this Corporation from Bank of Lincolnwood, may be had by any two of the undersigned officers of this Corporation.

I further certify that the following named persons are the officers of the said Corporation, duly qualified and now acting as such:

President.....Gordon P. Smith  
Executive Vice President.....Richard S. Sloma  
Vice President.....Richard H. Watson  
Vice President and Secretary.....J. M. Stogin  
Vice President and Treasurer.....Donald W. Adams.



The need for revising signatories on certain checking accounts was discussed, and it was agreed that Eugene Harris, Controller be added to the following Grand Haven Accounts:

Payroll Account  
General Account  
Draft Account.

The standard form of resolution required by the bank was duly adopted.

The Corporate Account is to be revised to add Richard H. Watson as an authorized signature. Furthermore, corporate checks under \$100.00 can be signed with the facsimile signature of Donald W. Adams. The standard form of resolution required by The First National Bank of Chicago to effect these changes was duly adopted.

The need for a payroll account for Golconda Metals was discussed and the standard form of resolution of the Alsip Bank was duly adopted, providing for the signature of either Donald R. Keller or Donald V. Ytterberg for the Golconda Metals Payroll.

Mr. Stogin reported that 17,364 shares of Preferred stock had been purchased at a total price of \$224,170.61 or an average of \$12.91 per share. Debentures in the face amount of \$508,000 were purchased at a total cost of \$435,661.42. This made a total of \$659,832.04. After the Board authorized an additional \$750,000 to be appropriated and used with the unexpended balance of the first appropriation for the purchase of additional preferred shares and debentures, Mr. Stogin was instructed to obtain the necessary approval of the Securities and Exchange Commission for continuation of the program. Mr. Stogin reported that as of the meeting date, 34,600 shares of Hecla had been sold by Golvest. Steps are being taken to continue with the proposed financing of the Golconda Metals Division project through the use of the Village of Alsip revenue bond financing. Mr. Stogin discussed the effect on Sears business with RegO as a result of the proposed Emerson/Harris merger. Mr. Sloma commented on the possible adverse effect and the possible elimination of the welding equipment business at RegO. Mr. Stogin advised the members that he had just received from Mr. Wray Featherstone a copy of a complaint relating to the discontinued Electro Freeze products, alleging various claims in the amount of \$500,000. It is believed that this claim is very much inflated and the Company will defend it vigorously.

New Business Opportunities - Gordon P. Smith

The aluminum die casting project was presented to the Board for review. After a discussion, it was agreed that the adoption of the project would be left to the discretion of the Executive Committee since the matter is related to the existing business of RegO.

B/D Mtg. 6/28/73

American Stock Exchange Listing - Gordon P. Smith

Mr. Smith discussed the current status of the listing with Amex. He has been advised that no listing can take place while the S.E.C. complaint against Westgate is outstanding.

The next regular meeting of the Board of Directors is scheduled for September 27, 1973, at a time and place to be announced.

There being no further business, the meeting was adjourned at 2:23 P.M.

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Secretary

APPROVED:

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Vice Chairman

- 7 -

LS 002293

WHEREAS, Golconda Corporation is the sole shareholder of Anderson Copper and Brass Company ("Anderson"), and

WHEREAS, this Board of Directors has previously authorized a plan of statutory liquidation for Anderson to establish Anderson as a division, and

WHEREAS, the employees of Anderson will continue as employees of Golconda Corporation's Anderson Copper and Brass Division, and

WHEREAS, this Board deems it to be in the best interest of Golconda, Anderson and its employees to include them in the retirement plans of Golconda,

THEREFORE, BE IT RESOLVED, that this Board hereby directs the officers of Golconda to take such steps as are necessary and proper to effect the transfer of the employees of Anderson and the assets of the Anderson Pension Trust to the appropriate Golconda pension plan, and

BE IT FURTHER RESOLVED, that the Executive Committee of the Board of Directors of Golconda Corporation is hereby authorized and empowered to adopt any and all resolutions necessary to effect the foregoing and to set the effective date of such change.

LS 002294

AMENDMENT

(Effective as of January 1, 1972)

of THE GOLCONDA CORPORATION  
PENSION PLAN FOR HOURLY EMPLOYEES

THE GOLCONDA CORPORATION PENSION PLAN FOR HOURLY EMPLOYEES as last amended and restated effective January 1, 1971, and the Document adopted by the Board of Directors of THE GOLCONDA CORPORATION, to evidence said Plan, is hereby amended effective as of January 1, 1972, as follows:

1. Paragraph 5.1, Section 5 is amended to read as follows:

"5.1 Normal Retirement Benefits. If his employment with the Company is terminated after December 31, 1971, the monthly normal retirement benefit, commencing on an eligible Employee's normal retirement date, shall be an amount equal to \$5.00 multiplied by his number of years of Continuous Service.

2. Section 5 is amended by the addition of the following paragraph 5.5:

"5.5 Benefits for Employees Retired or Terminated Prior to January 1, 1972. Any Employee whose employment with the Company was terminated prior to January 1, 1972 and who was entitled to receive a retirement benefit under the Plan as it was in effect during the period ending December 31, 1971 shall be entitled to receive and shall continue to receive the same benefit under this Plan as in effect on December 31, 1971."

IN WITNESS WHEREOF, GOLCONDA CORPORATION has caused this amendment to be made and signed, and its corporate seal to be hereunto affixed by its duly authorized officers this \_\_\_\_\_ day of \_\_\_\_\_, 1973.

GOLCONDA CORPORATION

By \_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

LS 002295

AMENDMENT  
(Effective as of January 1, 1973)

of THE GOLCONDA CORPORATION  
RETIREMENT PLAN FOR SALARIED EMPLOYEES

THE GOLCONDA CORPORATION RETIREMENT PLAN FOR SALARIED EMPLOYEES, as last amended and restated as of January 1, 1971, and the Document adopted by the Board of Directors of THE GOLCONDA CORPORATION, to evidence said plan, is hereby amended effective as of January 1, 1973, as follows:

1. Paragraph 5.1, Section 5 of the Plan is amended to read as follows:

"5.1 Normal Retirement Benefits. The monthly normal retirement benefit commencing on an eligible Employee's Normal Retirement Date, shall be an amount equal to (except as may be provided in paragraphs 5.7 or 5.8 of Section 5): (a) below, if he has 30 years of Continuous Service or (b) below, if he has fewer than 30 years of Continuous Service:

- (a) 45% of his Average Compensation less one-half of his Social Security Benefit
- (b) 45% of his Average Compensation less one-half of his Social Security Benefit, with such amount multiplied by a fraction of which the numerator is the number of years of his Continuous Service and the denominator is thirty."

2. Section 5 is amended by the addition of the following paragraph 5.8:

"5.8 Benefits for Employees Retired Between November 30, 1968 and January 1, 1973. Any Employee whose employment with the Company was terminated on or after November 30, 1968 but prior to January 1, 1973 and who as of December 31, 1972 was entitled to receive a retirement benefit under the Plan as it was in effect December 31, 1972 or a Contingent Annuitant claiming a benefit through such an Employee, shall on and after January 1, 1973 continue to be entitled to receive the same benefits under the Plan as he was entitled to receive in accordance with the provisions of the Plan as in effect on December 31, 1972."

IN WITNESS WHEREOF, GOLCONDA CORPORATION has caused this amendment to be made and signed, and its corporate seal to be hereunto affixed by its duly authorized officers this \_\_\_\_\_ day of \_\_\_\_\_, 1973.

GOLCONDA CORPORATION

By \_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

LS 002296

AMENDMENT  
(Effective as of January 1, 1973)

of THE GOLCONDA CORPORATION  
PENSION PLAN FOR HOURLY EMPLOYEES

THE GOLCONDA CORPORATION PENSION PLAN FOR HOURLY EMPLOYEES, as last amended and restated effective as of January 1, 1971, and the document adopted by the Board of Directors of THE GOLCONDA CORPORATION, to evidence said Plan, is hereby amended effective as of January 1, 1973, as follows:

1. Paragraph 5.1, Section 5 is amended to read as follows:

"5.1 Normal Retirement Benefits. If his employment with the Company is terminated after January 1, 1973, the monthly normal retirement benefit, commencing on an eligible Employee's Normal Retirement Date shall be equal to the following:

<u>Final Hourly Base Pay Rate</u>	<u>Monthly Benefit</u>
Less than \$4.00	\$5.25
\$4.00 but less than \$4.75	5.50
\$4.75 but less than \$5.50	5.75
\$5.50 but less than \$6.25	6.00
\$6.25 or more	6.25

multiplied by his years of Continuous Service.

2. Section 5 is amended by the following paragraph 5.6:

"5.6 Benefits for Employees Retired or Terminated prior to January 1, 1973. Any Employee whose employment with the Company was terminated before January 1, 1973, and who as of December 31, 1972, was entitled to receive a retirement benefit under the Plan as it was in effect on December 31, 1972, shall, on and after January 1, 1973, continue to be entitled to receive the same benefit under this Plan as he was entitled to receive under the Plan as it was in effect on December 31, 1972. The retirement benefit increases effective January 1, 1973 or thereafter shall not be applicable to such Employees.

IN WITNESS WHEREOF, GOLCONDA CORPORATION has caused this amendment to be made and signed, and its corporate seal to be hereunto affixed by its duly authorized officers this \_\_\_\_ day of \_\_\_\_\_, 1973.

GOLCONDA CORPORATION

BY \_\_\_\_\_

President

ATTEST:

\_\_\_\_\_  
Secretary

LS 002297

AMENDMENT TO THE  
BASTIAN-BLESSING COMPANY PENSION PLAN  
FOR LOCAL NO.893  
UNITED BROTHERHOOD OF CARPENTERS  
AND JOINERS OF AMERICA

Pursuant to the provisions of Section 13.1 of The Bastian-Blessing Company Pension Plan for Local No. 893, United Brotherhood of Carpenters and Joiners of America, as amended, the following further amendments to said Plan are hereby entered into by the Officers of the Company with the duly authorized consent of the Board of Directors of the Company on this 28th day of June, 1973.

WHEREAS, the Company has reserved the right to amend the Plan; and

WHEREAS, in accordance with Section 13.3 of the Plan, the Plan has been continued by Golconda Corporation, a successor to The Bastian-Blessing Company; and

WHEREAS, it is now the desire of Golconda Corporation to increase retirement benefits for Employees covered under the Plan;

NOW THEREFORE, The Bastian-Blessing Company Pension Plan for Local 893, United Brotherhood of Carpenters and Joiners of America is hereby amended effective February 28, 1973, in the following particulars:

1. Subparagraph (f), Paragraph 5.1, Section 5 is amended to read as follows:  
  
"(f) \$5.00 times the number of years of Continuous Service up to a maximum of 30 years of such Continuous Service, if his employment with the Company is terminated on or after November 30, 1971 and before February 28, 1973."
2. Paragraph 5.1, Section 5 is amended by the addition of the following subparagraph (g):  
  
"(g) \$5.25 times the number of years of his Continuous Service up to a maximum of 30 years of such Continuous Service, if his employment with the Company is terminated on or after February 28, 1973 and before December 1, 1972."
3. Paragraph 5.1, Section 5 is amended by the addition of the following subparagraph (h):  
  
"(h) \$5.75 times the number of years of his Continuous Service up to a maximum of 30 years of such Continuous Service, if his employment with the Company is terminated on or after December 1, 1973 and Before December 1, 1974."

LS 002298

4. Paragraph 5.1, Section 5 is amended by the addition of the following subparagraph (i):

"(i) \$6.25 times the number of years of his Continuous Service up to a maximum of 30 years of such Continuous Service if his employment with the Company is terminated on or after December 1, 1974."

IN WITNESS WHEREOF, Golconda Corporation, has caused this Amendment to be made and signed, and its corporate seal to be hereunto affixed by its duly authorized Officers this \_\_\_\_ day of \_\_\_\_\_, 1973.

GOLCONDA CORPORATION

By \_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary



AMENDMENT TO  
THE GOLCONDA CORPORATION PENSION PLAN  
FOR LOCAL NO. 430 INTERNATIONAL  
ASSOCIATION OF SHEET METAL WORKERS

Pursuant to the provisions of Section 13.1 of the Golconda Corporation Pension Plan for Local No. 430, International Association of Sheet Metal Workers as amended and restated, said Plan is hereby further amended by the Officers of this Company on this 28th day of June, 1973.

WHEREAS, the Company has reserved the right to amend the Plan; and

WHEREAS, it is the desire of the Company to increase retirement benefits of Employees;

NOW THEREFORE, the Golconda Corporation Pension Plan for Local No. 430, International Association of Sheet Metal Workers is hereby amended, effective September 3, 1973 in the following particulars:

1. Subparagraph (g), Paragraph 5.1 of Section 5 is amended to read as follows:  
  
"(g) \$5.00 times the number of years of his Continuous Service up to a maximum of 35 years of such Continuous Service, if his employment with the Company is terminated on or after March 1, 1971 but prior to March 1, 1972."
2. Paragraph 5.1 of Section 5 is amended by the addition of the following subparagraph (h):  
  
"(h) \$5.00 times the number of years of his Continuous Service up to a maximum of 37 years of such Continuous Service, if his employment with the Company is terminated on or after March 1, 1972 but prior to September 3, 1973."
3. Paragraph 5.1, Section 5 is amended by the addition of the following subparagraph (i):  
  
"(i) \$5.25 times the number of years of his Continuous Service up to a maximum of 37 years of such Continuous Service, if his employment with the Company is terminated on or after September 3, 1973 but prior to September 2, 1974."

LS 002300

4. Paragraph 5.1, Section 5 is amended by the addition of the following subparagraph (j):

"(j) \$5.75 times the number of years of his Continuous Service up to a maximum of 37 years of such Continuous Service, if his employment with the Company is terminated on or after September 2, 1974 but prior to September 1, 1975."

5. Paragraph 5.1, Section 5 is amended by the addition of the following subparagraph (k):

"(k) \$6.25 times the number of years of his Continuous Service up to a maximum of 37 years of such Continuous Service, if his employment with the Company is terminated on or after September 1, 1975."

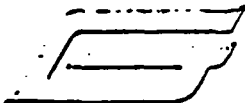
IN WITNESS WHEREOF, Golconda Corporation has caused this amendment to be made and signed, and its corporate seal to be hereunto affixed by its duly authorized Officers this \_\_\_\_\_ day of \_\_\_\_\_, 1973.

GOLCONDA CORPORATION

By \_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary



## GOLCONDA CORPORATION

4201 WEST PETERSON AVENUE • CHICAGO, ILLINOIS 60648 • 312/685-0600

### EXTRACT OF MINUTES OF MEETING OF EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

WHEREAS, it has been brought to the attention of the Executive Committee of the Board of Directors of Golconda Corporation with its principal office and place of business at 4201 West Peterson Avenue in the city of Chicago, State of Illinois, that in connection with Facility Security Clearance, the Chairman of the Board, all principal officers, such as, President, Senior Vice President, Secretary, Treasurer, and those occupying similar positions, and a legal quorum of the Board of Directors are required to be cleared by the Department of Defense; and


WHEREAS, other Officers and Directors, who shall not require access to classified information in the conduct of the organization's business and who do not occupy positions that would enable them to affect adversely the organization's policies or practices in the performance of classified contracts, are not required to be cleared, provided the Board of Directors by formal action affirms, and make a matter of record in the minutes of the Board of Directors, that

RESOLVED: The following named individuals who are officers and/or directors shall not require, shall not have, and can be effectively excluded from, access to all classified information in the possession of the organization and do not occupy positions that would enable them to affect adversely the organization's policies or practices in the performance of classified contracts or programs for the USER Agencies:

<u>NAME</u>	<u>TITLE</u>
Harold F. Magnuson	Director
Walter L. Sly	Director
Philip A. Toft	Director
Richard H. Watson	Vice President
Rocco R. Del Presto	Vice President
Donald V. Ytterberg	Vice President

I, the undersigned Secretary of Golconda Corporation, 4201 West Peterson Avenue, Chicago, Illinois, do hereby certify that the above is a true, correct and complete resolution duly adopted at an Executive Committee Meeting of the Board of Directors of said Corporation, duly held on the 23rd day of May, 1973, and is a matter of record in the minutes of this Corporation.

WITNESS my hand and seal of said Corporation this 23rd day of May, 1973.

  
Secretary

LS 002302

**CORPORATE RESOLUTION (DEPOSITARY)**

GOLCONDA METALS DIVISION

of Golconda Corporation Payroll Account

I, the undersigned, Do Hereby Certify, that the following is a complete, true and correct copy of certain resolutions of the Board of Directors of Golconda Corporation, a corporation duly organized and existing under the laws of the State of Idaho, which resolutions were duly adopted at a duly called meeting of the said Board, held on June 28, 19 73, a quorum being present, and are set forth in the minutes of the said meeting; that I am the keeper of the corporate seal and of the minutes and records of this Corporation; and that the said resolutions have not been rescinded or modified:

Be It Resolved, that ALSIP BANK (hereinafter sometimes referred to as the "Bank") be and hereby is designated a depository in which the funds of this Corporation may be deposited by its officers, agents, and employees, and that such officers, agents, and employees shall be and each of them hereby is authorized to indorse for deposit or negotiation any and all checks, drafts, notes, bills of exchange, and orders for the payment of money, either belonging to or coming into possession of this Corporation (and to deposit the funds of this Corporation in the ALSIP BANK evidenced by time certificates of deposit). Indorsements for deposit may be by the written or stamped indorsement of this Corporation without designation of the person making the indorsement;

Be It Further Resolved, that the General Manager of Golconda Metals Division and Vice President of Anderson Copper and Brass Division, singly

(Titles of officers and/or other persons authorized to sign checks; e.g.: President, Treasurer, etc.; also, please indicate in what manner the above-named officers are to sign—singly, any two, or jointly, etc.)

of this Corporation (are) (is) authorized to SIGN ANY AND ALL CHECKS, DRAFTS, AND ORDERS, including orders or directions in informal or letter form, against any funds or accounts at any time standing to the credit of this Corporation with the Bank, and that the Bank hereby is authorized to honor any and all checks, drafts and orders so signed, including those drawn to the individual order of any such officer or other person signing the same, without further inquiry or regard to the authority of said officer or other person or the use of the checks, drafts and orders, or the proceeds thereof;

Be It Further Resolved, that the foregoing resolution shall continue in force until express written notice of its rescission or modification has been received by the Bank, but if the authority contained in them should be revoked or terminated by operation of law without such notice, it is resolved and hereby agreed for the purpose of inducing the Bank to act thereunder, that the Bank shall be saved harmless from any loss suffered or liability incurred by it in so acting after such revocation or termination without such notice.

I further Certify that the following named persons are the officers of the said Corporation, duly qualified and now acting as such:

President Gordon P. Smith

Vice-President Donald V. Ytterberg

Secretary J. M. Stogin

Treasurer Donald W. Adams

General Manager Donald R. Keller

In Witness Whereof, I have hereunto subscribed my name and affixed the seal of the said Corporation, this 24 day of July, A.D. 19 73

SEAL  
IMPORTANT:  
Imprint Seal of  
Corporation Here

Secretary

LS 002303